Exhibit 137

Can we discuss

Wells, Peter

From: Ben-Jacob, Michael
Sent: Wednesday, April 25, 2012 2:34 PM
To: Richard Markowitz
Cc: Adam Larosa; Jérôme LHOTE; John H. van Merkensteijn, III; Matthew Stein; Wells, Peter
Subject: Bank Regulatory and Tax Compliance Requirements

— web

Categories: RETAIN

Rich, here is the summary. I need to run out of the office now but will be back a bit before 4pm. Let me know if you would like to discuss further today and I will call upon my return to the office.

1. Form TIC-SLT -- requires that U.S. persons (which includes partnerships and corporations) report on a monthly basis (a) all investments in foreign securities for their own portfolios or for the portfolios of their clients that are not held by U.S. resident custodians, as well as (b) all of their own securities that are held by foreign resident investors (other than through U.S. resident custodians). The reporting requirement threshold does not begin until the U.S. resident's investment is equal to, in the aggregate, $1 billion on the last business day of the reporting month. Once the threshold is met for one month, however, the report must be filed for each month thereafter for the balance of the calendar year. The form is due on the 23rd day following the last business day of the month.

   The $1 billion threshold is met when the "fair value" as defined in ASC 820 (Formerly FAS 157) on the last business day of each month reaches that amount, denominated in US dollars using the "spot exchange rate" as of the close of business on the last day of the month rounded to the nearest million. In addition, the instructions are clear that "all securities should be reported using settlement date accounting." So, taking a plain meaning of the words, I would conclude that we would NOT look to the trade date in determining whether the filing threshold is met.

   In our context, the "end investor" has the reporting obligation. The "end investor" is an entity or person that is trading for its own account or that invests on behalf of others. In the first instance this appears to the partnership and Ezra. There does not appear to be any indication in the instructions or other materials that suggest that one would look through the LP to impose a filing obligation on the IRA or GP. In fact, one example provided in the instructions concludes that were an pension or retirement plan invests in an on-shore US hedge fund which in turn conducts the requisite trades, the pension has no reporting requirement. Ours is not an investment in a fund as such, but I think investment in a partnership should be substantively the same. In addition, there are consolidation rules which would apply if, for example, the partnership had two subsidiaries with $600 million of trading in each the value of trading in the two entities would be combined and the threshold met. These consolidation rules don't seem to apply, however, at the level of the partnership interest holders nor, more importantly under our structure, to the swap counterparties. In other words, it does not appear to be the case that, for example, because there is significant commonalty of ownership between the two swap counterparties and the partnerships we would combine the holdings of the two partnerships to determine whether the threshold has been met. In addition, there is nothing that indicates that the swap counterparties—who are the tax owners of the shares under US tax principles—would be deemed to be the reporting parties. In summary, I take the view that it is the partnership and Ezra that must report. A little less clear is whether the GP of the partnership has a separate reporting requirement. But if we want to be cautious we can file for it too; the form will be identical to that one prepared by the partnership in any case.

As to the securities lending portion of the transaction – the securities lent should be reported as if held by the lender (the partnership/Ezra) continuously, i.e., as if never lent. In addition, if we receive cash as collateral for our securities lent (which I understand will be the case) and such cash is used t o purchase securities, those securities should also be reported. If, however, we receive securities as collateral instead of cash we would not report the securities received as collateral.

In terms of what is reported: as an "end investor", in addition to value, the partnerships and Ezra must list the country and geographical area in which the foreign resident issuer.

A miscellaneous point: each reporting entity must include an "RSSD-ID" number. We will need to contact the Federal Reserve Bank of NY to obtain a number.

2. TIC B -- not required. It is required only of banks, depository institutions, security brokers and dealers, and Bank and Financial Holding Companies.

3. TIC CQ-1 -- may be required. It is filed quarterly and reports certain financial liabilities to, and claims on, foreign residents to the extent that those liabilities or claims equal or exceed $50 million on the last business day of each quarter (first relevant to us on June 29th) and are due within 30 days. The threshold is determined based on the face value of the instrument denominated in US dollars using the "spot exchange rate" as of the close of business on the last day of the quarter rounded to the nearest million. Once the threshold is met forms are required for the balance of the year. The liabilities/claims that would be reported here would be the Aquila loan (reported as both a liability and a claim) and margin balances. There is some language in the form that suggests that the IRA, because it owns more than 50% of the partnership, would be the reporting entity for this purpose. I will need to track down the requirement here.

4. TIC CQ-2 – probably not required. It is filed quarterly and reports certain commercial liabilities and claims with foreign parties which arise as between sellers and customers for the purchase and sale of goods and services in the normal course of business. But this would apply on if your fees to non-US persons in the aggregate meet or exceed $25 million. Even including any fee paid to Solo, trading costs, and ancillary fees to non-US legal firms, etc., I would be surprised to learn that this threshold is met. If it is or might come close, let me know and I will assess the form more closely.

Forwards ?

5. TIC D -- not required. This form reports certain derivative contracts with non-US counterparties and specifically excludes short sales from the type of transactions that are reportable.

6. TIC S -- required. This form seems nearly identical to the SLT form and is meant to report purchases for long security positions from foreign residents, but with a reporting threshold of $50 million at any time during the month. Here, we do not know who the counterparty is and whether they are foreign residents. In that case, since we are trading on a foreign exchange, the foreign exchange itself is deemed the counterparty. This form is due 15 calendar days after the last business day of the month.

7. SHL and SHLA – not required unless requested by the Federal Reserve and applies only to issuers and custodians. The former is due annually and latter every five years.

8. SHC -- reports foreign securities holdings if (i) requested by the Federal Reserve, or (ii) the holdings equal $100 million or more as of December 31st. This will not be applicable to the current transaction but should be kept in mind for future transactions. If required, the form is due the first Friday in March. Related form SHCA is required only if requested by the Federal Reserve.

9. TFC (1, 2 and 3) -- Not required. The first two report certain foreign currency or exchange contracts at $50 billion or more, and the last form is for such contracts at $5 billion or more.

10. TIC B (series) -- not required. Filed by depository institutions and broker-dealers.

11. Bureau of Economic Analysis Forms (BE-11 series) -- not required. Applies only if we have a foreign affiliate (entity owned or controlled by a US entity).

Also, we have looked further into the issues relating to the tax reporting requirements for your IRA with respect to the investment into the partnership. As we previously discussed, there are three applicable reporting forms to consider in this regard: (i) Form TD F 90-22.1 (FBAR); (ii) Form 8938 (the new form that requires reporting of interests in specified foreign financial assets). Here is the summary of our conclusions:

The only reporting requirement for the Solo transaction will be the FBAR form. In this case, both the LP and your IRA will have separate FBAR filing requirements. The LP as a U.S. person that is the owner of record of a foreign account will have its own FBAR filing requirement. In addition, your IRA as the owner of a greater than 50 percent interest in the LP, which in turns owns a foreign account, will have a separate FBAR filing requirement. There may be a position that the FBAR for the LP can be consolidated into the IRA's FBAR filing, but the rules are not particularly clear on this point and, as a result, we recommend filing both FBARs separately.

Form 8938 does not currently require reporting of foreign financial assets held through domestic entities (unless the foreign assets are held through a U.S. disregarded entity or U.S. grantor trust). While Treasury has indicated that domestic entity level reporting under the Form 8938 is on the horizon no such requirement has yet been issued.

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I. INTRODUCTION

A. PURPOSE AND NOTICE UNDER PAPERWORK REDUCTION ACT

The purpose of the TIC Form SLT report is to gather timely and reliable information from U.S.-resident reporters on foreign-resident holdings of long-term U.S. securities and on U.S. -resident holdings of long-term foreign securities. This information is needed for preparation of the U.S. Balance of Payments accounts and the U.S. international investment position, and in the formulation of U.S. international financial and monetary policies.

No person is required to respond to any U.S. government collection of information unless the form displays a currently valid control number assigned by the Office of Management and Budget (OMB). TIC Form SLT report has been reviewed and approved by OMB under control number 1505-0235.

The Treasury Department has estimated the average burden associated with the collection of information on each TIC Form SLT report per respondent, but this will vary widely across respondents: an overall average burden of 8.8 hours per respondent per filing, based on seventeen hours for each custodian and six and one half hours for each other respondent. These estimates include the time it will take to read the instructions, gather the necessary facts and fill out the forms. Comments regarding the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Global Economics, U.S. Treasury Department, Washington, D.C. 20220, Attention International Portfolio Investment Data Systems; or the Office of Management and Budget, Paperwork Reduction Project (1505- 0235), Washington, D.C. 20503.

B. AUTHORITY

The filing of the TIC Form SLT report as set forth in Part II.A is required by law (22 U.S.C. 286f; 22 U.S.C. 3103; E.O. 11961; E.O. 10033; 31 C.F.R. 128.1 (a)). Failure to report can result in a civil penalty of not less than $2,500 and not more than $25,000. Willful failure to report can result in criminal prosecution and upon conviction a fine of

not more than $10,000; and upon conviction of an individual, imprisonment for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation may, upon conviction, be punished by a like fine, imprisonment, or both (22 U.S.C. 3105 (a), (b) and (c); 31 C.F.R. 128.4 (a) and (b)).

C. CONFIDENTIALITY STATEMENT

The TIC Form SLT report is filed with the Federal Reserve banks in their capacity as Treasury's fiscal agents, as further described in Part II. Data reported on this form will be held in confidence by the Department of the Treasury, the Board of Governors of the Federal Reserve System, and the Federal Reserve Banks acting as fiscal agents of the Treasury. The data reported by individual respondents will not be published or otherwise publicly disclosed; information may be given to the Board of Governors of the Federal Reserve System and to other Federal agencies, insofar as authorized by applicable law (44 U.S.C. 3501 et seq.; 22 U.S.C. 3101 et seq.). Aggregate data derived from reports on this form may be published or otherwise publicly disclosed only in a manner that will not reveal the amounts reported by any individual respondent.

D. RELATIONSHIP TO OTHER TIC STATISTICAL REPORTS

1. The TIC B Forms are filed by all U.S.-resident banks and other depository institutions, securities brokers and dealers, and Bank Holding Companies/Financial Holding Companies (BHC/FHC). (However, the positions of insurance underwriting subsidiaries of BHCs/FHCs are excluded from the TIC B Forms and included in the TIC C Forms.) On the TIC B Forms these entities report their short-term securities or non-securities positions with foreign residents, including foreign affiliates. Also reported on the TIC B Forms are certain positions of the customers of TIC B reporters; TIC C reporters who are customers of these TIC B reporters should not report these positions to avoid double counting.

2. The TIC C Forms are filed by all U.S. entities other than depository institutions, Bank Holding Companies/Financial Holding Companies (BHCs/FHCs), and securities brokers

and dealers. (As an exception, the positions of insurance underwriting subsidiaries of BHCs/FHCs are excluded from the TIC B reports and reported by the BHCs/FHCs for the underwriting subsidiaries on the TIC C reports.) On the TIC C Forms, these entities report positions with unaffiliated foreign-resident entities that are either short-term securities or non-securities.

3. The TIC D Form is filed by all major U.S.-resident participants in derivatives markets. This form is designed to obtain data on holdings of, and transactions in, financial derivative contracts with foreign residents. Data are collected in aggregate form to facilitate timely reporting.

4. The TIC S Form is filed by all U.S.-resident entities that purchase (or sell) long-term securities directly from (or to) foreign residents. This form is designed to obtain data on foreigners' purchases and sales of all long-term securities (including equities and shares of mutual funds). Data are collected in aggregate form to facilitate timely reporting.

5. To improve the accuracy of the TIC system and collect information on positions in securities, detailed security-by-security data are collected on a less frequent basis. Two data collection systems are used:
   a. Foreign Holdings of U.S. Securities, Including Selected Money Market Instruments (Form SHL) - Approximately every five years, all significant U.S.-resident custodians of short-term debt, long-term debt, and equity securities are required to provide detailed security-by-security information on foreign holdings of U.S. securities. Also required to report are significant U.S. issuers of bearer bonds and U.S. issuers of securities that are held by foreigners but not through U.S. custodians. In the years between these benchmark surveys, the largest of these reporters are required to submit this security-by-security information annually (Form SHLA).
   b. U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Form SHC) - Approximately every five years, all significant U.S.-resident custodians of foreign securities and U.S.-resident end-investors holding

securities without using U.S.-resident custodians are required to report detailed security-by-security information on their holdings of foreign securities. In the years between these benchmark surveys, the largest of these reporters are required to submit this security-by-security information annually (Form SHCA).

6. The Treasury Foreign Currency (TFC) Forms are designed to obtain data on the assets, liabilities, and forward positions of large U.S.-resident institutions (both banking and non-banking) in specified foreign currencies.

7. Direct Investment- Data on cross-border Direct Investment are collected by the Bureau of Economic Analysis, U.S. Department of Commerce. The data collections are designed to obtain comprehensive data on the transactions and positions between affiliated U.S. and foreign companies ("multinational companies"), and on the overall operations of multinational companies. (See Direct Investment in the Glossary.)

II. GENERAL INSTRUCTIONS

For purposes of the TIC Form SLT report and these instructions, terms used may be further defined in the Glossary. Questions regarding these instructions or the TIC Form SLT report should be directed to the Federal Reserve Bank where the report is filed.

A. WHO MUST REPORT

we are probably not

we are Not

All U.S. persons (defined in the Glossary) who are U.S.-resident custodians (including U.S.-resident central securities depositories), U.S.-resident issuers or U.S.-resident end-investors (as described below) and who meet or exceed the reporting threshold set forth in Section II.C Exemption Level must file the TIC Form SLT report .

We are

1. U.S-resident custodians include the following:
   a. U.S.-resident custodians must report in Part A all U.S. securities that they hold in custody (or manage the safekeeping of) for the account of foreign residents (including their own foreign branches, subsidiaries, and affiliates) and all foreign securities they hold in custody (or manage the safekeeping of) for the account of U.S. residents; and report in Part B all foreign securities they hold for their own account (even if the foreign securities are then transferred to a foreign-resident custodian for safekeeping).

   b. U.S.-resident central securities depositories, must report in Part A all U.S. securities they hold in custody (or manage the safekeeping of) directly on behalf of foreign residents with which they have established direct relationships, including foreign-resident brokers, dealers, exchanges, and central securities depositories.

2. U.S.-resident issuers include the following:
   U.S.-resident issuers must report in Part B all securities issued by the U.S.-resident units of their entity directly to foreign residents, including:
   a. Registered securities that are owned by foreign residents for which neither a U.S.-resident custodian nor a U.S.-resident central depository is used (transfer or paying agents should be able to provide the U.S. -resident issuer this

information.);

b. Book-entry securities that are held at a foreign-resident central securities depositories;

c. Bearer securities; and

d. Shares or other units or other equity interests issued directly to or placed with foreign residents (e.g.: a U.S.- based master fund issues shares to foreign feeder funds; limited partners' interests in limited partnerships)

3. U.S.-resident end-investors include the following:

U.S.-resident end-investors must report in Part B all investments in foreign securities for their own portfolio or for the portfolios of their U.S. clients, that **are not held** by U.S.-resident custodians. These securities include those that are held-for-trading, available-for-sale, held-for-maturity, or which have been invested on behalf of others such as by managers of mutual funds, insurance companies, and pension funds as well as investment managers/advisors and fund sponsors. Collectively, such investors are referred to as "end-investors" throughout these instructions. U.S.-resident end-investors include, but are not limited to:

- Financial and non-financial organizations;
- Managers of private and public pension funds;
- Managers of mutual funds, country funds, unit-investment funds, exchange-traded funds, collective investment trusts, or any other similarly pooled, commingled funds. Also investment managers/advisors and fund sponsors of private equity companies, venture capital companies, hedge funds and other private investment vehicles.
- Insurance companies;
- Foundations;
- Institutions of higher learning (i.e., university endowments);
- Trusts and estates; and
- Funds and similar entities that own shares or units of, or other equity interests in a foreign related or non-related entity (For example: A U.S.-based

feeder fund owning shares of an offshore-based master fund).

If a reporting organization is an issuer and/or end-investor *and* a custodian (as described above), both Part A and Part B of the report form must be completed. (See Section III)

B. CONSOLIDATION RULES

For purposes of this report, U.S.-resident entities, including bank holding companies (BHC) and financial holding companies (FHC) should consolidate all their subsidiaries including their international banking facilities (IBF), except for foreign-resident offices and subsidiaries, in accordance with U.S. GAAP. All other U.S.-resident entities that are not 50 percent or more owned by another U.S.-resident company, including BHCs and FHCs, should include all reportable securities for U.S.-resident parts of their organizations, including U.S.-resident branches and subsidiaries.

U.S. residents include entities organized under the laws of the Commonwealth of Puerto Rico or the U.S. territories. Please see the Glossary for the complete definition of United States. It is the responsibility of the U.S. parent entity in each organization to ensure that its report includes all applicable entities within its organization.

U.S.-resident trusts, variable interest entities (VIEs) and special purpose entities (SPEs) consolidated under U.S. GAAP should be consolidated. Equity interests in U.S.-resident funds that are managed by the reporting entity should be included unless U.S.-resident custodians other than the reporting entity are used.

U.S. branches and agencies of a foreign bank located in the same state and within the same Federal Reserve District should submit a consolidated report for these offices. U.S. branches and agencies of a foreign bank that are located in either different states or different Federal Reserve Districts, should submit separate reports.

Does their I.A need to file separately?

Investment advisors and managers should file one consolidated report of the holdings and issuances of all U.S.-resident parts of its own organization and of all U.S.-resident entities that they advise/manage.

C. EXEMPTION LEVEL AND REPORTING FREQUENCY

The TIC Form SLT report exemption level is applied to the consolidated reportable holdings and issuances (positions) of reporting entities, which are U.S.-resident custodians, U.S.-resident issuers of U.S. securities, and U.S.-resident end-investors in foreign securities. For each reporting entity, the consolidated total of all reportable long-term U.S. and foreign securities has a total fair value equal to or more than the exemption level on the last business day of the reporting month. The exemption level is $1 billion. The consolidated total includes amounts held for a reporting entity's own account and for customers. The reporting entity should include reportable securities for all U.S.-resident parts of the reporting entity, including all U.S. subsidiaries and affiliates of the reporting entity and investment companies, trusts, and other legal entities created by the reporting entity. U.S.-resident entities include the affiliates in the United States of foreign entities. Reportable long-term securities include:

- U.S. securities whose safekeeping U.S.-resident custodians manage on behalf of foreign residents;
- foreign securities whose safekeeping U.S.-resident custodians manage on behalf of U.S. residents;
- U.S. securities that are issued by U.S.-resident issuers in the foreign market and are held directly by foreign residents, i.e., where no U.S.-resident custodian or U.S.-resident central securities depository is used by the U.S.-resident issuer; and
- foreign securities that are held directly by U.S.-resident end-investors, i.e., where no U.S.-resident custodian is used.

Once the consolidated total of all reportable long-term U.S. and foreign securities for a reporting entity has a total fair market value equal to or more than the exemption level on the last business day of a reporting month, the reporting entity must submit a report for that month. In addition, the reporting entity also must submit a report for each remaining month in that calendar year, regardless of the consolidated total of reportable

securities held in any subsequent month.

D. ACCOUNTING, VALUATION, AND CURRENCY CONVERSION RULES

1. Accounting Rules

All securities should be reported using settlement date accounting. Gross long positions should be reported. Do not net any short positions from long positions. Do not enter decimals or negative values.

2. Valuation of Securities

Report the fair value of securities as of the last business day of the month. The fair value follows the definition of ASC 820 (formerly FAS 157). U.S.-resident custodians should, at a minimum, report the fair value to the extent that it is available as part of the services provided to their customers, even if the price available is for a date prior to the last business day of the month. If there are questions about valuation, please contact the Federal Reserve Bank to which you report or the Federal Reserve Bank of New York staff at (212) 720-6300 or (646) 720-6300.

3. Foreign Currency Denominated Securities

Calculation of U.S. Dollar Values- If the security is not denominated in U.S. dollars, convert the foreign currency denominated fair value into U.S. dollars using the spot exchange rate as of close of business on the last business day of the month.

E. REPORTING THE LOCATION OF FOREIGN COUNTERPARTIES

1. Countries, Other Geographic Areas, and Organizations

Positions with foreigners should be reported for the country or geographical area in which the foreign-resident holder of U.S. securities resides and the country or geographical area in which the foreign-resident issuer of foreign securities resides. (Certain international and regional organizations also have codes assigned to them.) Do not report positions based on the currency of denomination of the instrument, the country of the parent organization of the counterparty (i.e., nationality), the

country of issuance of the instrument, or the country of a guarantor (i.e., ultimate risk). Please note – branches of U.S.-resident banks located outside the U.S. are foreign residents. U.S.-resident branches of foreign banks are U.S. residents.

2. Country Unknown

The country unknown category is intended to capture securities that cannot be allocated to a particular country. Include in "Country Unknown" securities for which the holder (and hence, the country of residence) is not known. Certificated bearer bonds and global receipts should be reported in "Country Unknown" if the holder is unknown. If, however, bearer global receipts or other global securities are held by a central securities depository (CSD), directly or through an affiliated nominee company, then report the country of residence of the CSD or the nominee company that is the holder of record.

3. Determining Residency

Counterparty residency is determined by the country of legal residence (e.g., the country of incorporation, or, for a branch, of license). For example:

a. International and Regional Organizations (see Appendix C) are residents of the International and Regional Organizations areas, not the countries in which they are located. Note: Pension plans of international and regional organizations, if located in the United States, are U.S.-resident entities; therefore, any U.S. securities owned by these pension plans should be excluded from this report. Exception- Positions and transactions with the Bank for International Settlements (BIS), the European Central Bank (ECB), the Eastern Caribbean Central Bank (ECCB), the Bank of Central African States (BEAC), and the Central Bank of West African States (BCEAO), should each be reported opposite their name in the list of Foreign Economies and Organizations.

b. Partnerships, trusts, and funds are residents of the country in which they are legally organized. For example, pension funds of International and Regional Organizations are residents of the country of residence of the pension fund.

c. Banks, BHCs, FBOs, securities brokers and dealers, corporations and subsidiaries of corporations are residents of the country in which they are incorporated (not the country of the head office or primary operations).

d. Bank branches are residents of the country in which they are licensed (not the country of the head office).

e. Offices of foreign official institutions and embassies are residents of their parent country.

f. Individuals are residents of the country in which they are domiciled.

g. Entities or individuals that file an IRS Form W-8, indicating that they are foreign residents, are treated as such. Please note that there may be exceptions (such as Puerto Rico). However, if an IRS form is not available, the mailing address can be used to determine residency.

F. WHAT MUST BE REPORTED

Direct investment = 10% or more of vote in company But then must file BEA forms.

The TIC Form SLT report collects monthly data on cross-border ownership by U.S. and foreign residents of long-term (original maturity of more than one year or no contractual maturity) securities for portfolio investment purposes. If the investment is not direct investment, then it will fall into the category of portfolio investment and needs to be reported as part of the TIC system. (See Glossary for definitions of portfolio investment and direct investment.)

Reportable long-term portfolio securities include:

1. Securities issued by U.S. residents that are owned by foreign residents, including U.S. equities, U.S. debt securities, U.S. asset-backed securities, and U.S. equity interests in funds.

Securities are considered to be owned by foreign residents if, according to the reporter's records, the holder of record is not a resident of the United States. In addition, all outstanding bearer bonds are considered to be owned by foreign residents and should be reported by the U.S.-resident issuer. Bearer bonds should

also be reported by U.S.-resident custodians, but only if the reporter's records indicate a foreign-resident owner, foreign-resident custodian or foreign-resident central securities depository.

2. U.S.-resident holdings of foreign securities, including foreign equities, foreign debt securities and foreign asset-backed securities.

   Foreign securities include all securities issued by entities that are established under the laws of a foreign country (i.e., any entity that is legally incorporated, otherwise legally organized, or licensed (such as branches) in a foreign country) and all securities issued by international or regional organizations, such as the International Bank for Reconstruction and Development (IBRD or World Bank), and the Inter-American Development Bank (IADB), even if these organizations are located in the United States.

   Exception: Foreign securities held by a U.S. depository to back depositary receipts/shares should not be reported. Instead, the holders of the depositary receipts/shares should report the receipts/shares. This exception is necessary to identify the portion of depositary receipts/shares actually held by U.S. residents, since many depositary receipts/shares are held by foreign residents.

Reportable securities may be traded or issued in the United States and in foreign countries, and may be denominated in any currency, including Euros and U.S. dollars. Neither the country in which the securities are traded or issued, nor the currency in which the securities are denominated, is relevant in determining whether the securities are reportable.

Reportable long-term securities include, but are not limited to:

Equity Interests:

- Common stock;
- Preferred stock (participating and nonparticipating preference shares);
- Restricted stock;

- Depositary receipts/shares (See Section II.G);
- Equity interests in funds and equivalent investment vehicles (See Section II.G);
- Limited partnership interests and equity interests in other entities that do not issue shares/stock; and
- All other equity interests, including privately placed interests and interests in private equity companies and venture capital companies.

Long-term Debt Securities:

- Debt, registered and bearer, including bonds and notes (unstripped and stripped) and bonds with multiple call options;
- Convertible bonds and debt with attached warrants;
- Zero-coupon debt and discount notes;
- Index-linked debt securities (e.g., property index certificates);
- Asset-backed securities (ABS);
- Floating rate notes (FRN), such as perpetual notes (PRN), variable rate notes (VRN), structured FRN, reverse FRN, collared FRN, step up recovery FR (SURF), and range/corridor/accrual notes; and
- All other long-term debt securities.

The following items/types of securities are specifically excluded:

- Short-term securities with **original maturity** of one year or less. Bank holding companies, depository institutions and brokers and dealers report these on the TIC B series forms and all other entities report these on TIC Form CQ-1. In addition, these are also reported on the TIC SHC(A) and TIC SHL(A) forms.
- Bankers' acceptances and trade acceptances
- Derivative contracts (including forward contracts to deliver securities) meeting the definition of a derivative under ASC 815 (formerly FAS 133). (Reportable only on the TIC Form D).
- Loans and loan participation certificates

- Letters of credit
- Precious metals, (e.g., gold, silver) and currencies held in the reporter's vaults for foreign residents.
- Bank deposits, including time deposits, short-term and long-term negotiable certificates of deposit, and demand deposits
- Annuities, including variable rate annuities
- Direct Investments. The following ownership holdings known to be direct investments should be excluded: See the Glossary for a complete definition of direct investment.
  - When a U.S. resident owns a direct or indirect voting interest of 10% or more in a foreign company; or a foreign resident owns a direct or indirect voting interest of 10% or more in a U.S. company.
  - When U.S. resident (foreign resident) owns equity securities of a foreign company (U.S. company) with which the U.S. resident (foreign resident) is in a direct investment relationship.
  - Securities taken in as collateral and securities received in repurchase/resale (reverse repurchase) agreements and security lending agreements. These transactions are considered borrowings collateralized by the underlying securities. Banks and broker/dealers should report the funds from these loans on the TIC B series forms; other entities should report these on TIC Form CQ-1.

G. HOW TO REPORT

1. Funds and Related Equity Holdings and Ownership

Ownership of shares/units of or other equity interests in funds and investment trusts should be reported as equities. The determination of whether holdings or ownership of fund shares are a U.S. or foreign security is based on the country in which the fund is legally established, not based on the residence of the issuers of the securities the fund purchases or the type of securities the fund purchases. For example, if a foreign resident owns equity interests in a fund organized in New York, these interests are reportable U.S. securities, regardless of whether the fund purchases foreign

securities. Conversely, foreign-resident ownership of interests in "offshore" or other foreign-resident funds that purchase U.S. securities should not be reported.

Funds include all investment vehicles that pool investors' money and invest the pooled money in one or more of a variety of assets. Funds include but are not limited to:

- Mutual funds (including closed-end and open-end mutual funds);
- Money market funds;
- Investment trusts;
- Index-linked funds;
- Exchange traded funds (ETFs);
- Common trust funds;
- Private Equity Funds; and
- Hedge funds.

For purposes of this report, the following funds and related equity ownership should be reported:

a. Foreign-residents' ownership of shares/units of funds and investment trusts legally established in the United States (U.S.-resident funds)
b. Ownership of U.S. securities by foreign-resident funds
c. Hedge funds and other alternative investments
    i. Investment advisors, managers or similar types of legal entities that create master-feeder funds both outside and inside the U.S. should report any investments between the U.S. and foreign-resident affiliate funds that the investment manager sets up; these investments are portfolio investments and should be reported in the TIC system.

Example 1

A U.S. investment manager creates a Cayman Master Fund, a Cayman Feeder Fund and a U.S. Feeder Fund. The investments between the U.S. manager and the Cayman funds are direct investment since the investment manager controls

them. However, the investment that the U.S. feeder fund has in the Cayman Master Fund is portfolio investment and should be reported in the TIC system. Therefore, purchases and sales of the master fund shares by the U.S. feeder fund should be reported as transactions in foreign equity by the U.S. feeder fund on the TIC S and the U.S. feeder fund's investments in the foreign master fund should be reported by the U.S. feeder fund as ownership of foreign equity on the TIC SHC (A) and the TIC Form SLT report. If a U.S. custodian holds the foreign security, the U.S. custodian would have the reporting responsibility to report on the TIC SHC (A) and the TIC Form SLT report.

Example 2

A U.S. investment manager creates a U.S. Master Fund, a Cayman Feeder Fund, and a U.S. Feeder Fund. As in the example 1, the investments between the U.S. manager and the foreign feeder fund are direct investments. However, the investment that the foreign feeder fund has in the U.S. master fund is portfolio investment and should be reported in the TIC system. Purchases and sales of the master fund shares by the foreign feeder fund should be reported on the TIC S as transactions in U.S. equity by the U.S. master fund and the master fund should report the ownership of their shares by the foreign feeder fund as the issuer of the domestic security on the TIC SHL (A) and TIC Form SLT report. If a U.S. custodian holds the domestic security, the U.S. custodian would have the reporting responsibility to report on the TIC SHL (A) and TIC Form SLT report.

Example 3

A foreign investment manager sets up a Cayman Master Fund, a Cayman Feeder Fund, and a U.S. Feeder Fund. The investments between the foreign manager and the U.S. feeder fund are direct investment since the foreign manager controls the feeder fund. However, the investment that the U.S. feeder fund has in the foreign master fund is portfolio investment and should be reported in the TIC system. Purchases and sales of the master fund shares by the U.S. feeder fund should be reported on the TIC S as transactions in foreign equity and the U.S. feeder fund's

investments in the master fund should be reported by the U.S. feeder fund as ownership of foreign equity on the TIC SHC (A) and TIC Form SLT report. If a U.S. custodian holds the foreign security, the U.S. custodian would have the reporting responsibility to report on the TIC SHC (A) and the TIC Form SLT report.

Example 4

A foreign investment manager creates a U.S. Master Fund, a Cayman Feeder Fund, and a U.S. Feeder Fund. The investments between the foreign manager and the U.S. feeder fund are direct investments. However, the investment that the foreign feeder fund has in the U.S. master fund is portfolio investment and should be reported in the TIC system. Purchases and sales of the master fund shares by the foreign feeder fund should be reported on the TIC S as transactions in U.S. equity by the U.S. master fund and the master fund should also report the ownership of their shares by the foreign feeder funds as the issuer of the domestic security on the TIC SHL (A) and TIC Form SLT report. If a U.S. custodian holds the domestic security, the U.S. custodian would have the reporting responsibility to report on the TIC SHL (A) and TIC SLT Form.

Exclude any investment between the investment manager or other entity that formed the funds (as a general partner) and all the entities it creates. These are direct investments and should be reported to the Bureau of Economic Analysis.

Note: The descriptions of the various examples are based on common master/feeder fund structures. It is possible for there to be different types of structures when creating these funds and they may be called different names by some entities. Ultimately, if the investment is not direct investment, then it will fall into the category of portfolio investment and needs to be reported as part of the TIC system.

d. Fund ownership by Pension and Retirement Plans (including those of State and Local governments, including municipalities)- A state pension plan holds foreign investments through (a) onshore funds (including funds of hedge funds) and (b) offshore funds (including funds of hedge funds). For the purposes of TIC, the requirement to report is based on the country in which the fund is legally established.

our GP

i. The investments in onshore U.S funds (including funds of hedge funds) are investments in U.S.-resident entities and are therefore not reportable in TIC.

ii. The investments in offshore funds (including funds of hedge funds) are investments in foreign-resident entities, and are therefore reportable in TIC. Only the shares of the funds themselves are reportable (not their underlying investments), and only if the pension investments are portfolio investment. Such pension investments in off shore funds are reportable as equities in columns 12 and 13 opposite the countries of registration (residence) of the funds. If those investments are direct investments, such as general partnership interests, then the investments are reportable to the Bureau of Economic Analysis of the Department of Commerce. If a U.S. custodian holds the foreign portfolio interests in the offshore funds on behalf of the pension plans, the U.S. custodian would have the reporting responsibility to report on the TIC SHC (A) and the TIC Form SLT report.

2. Limited Partnerships

Foreign-resident limited partner ownership interests in U.S.-resident limited partnerships and U.S.-resident limited partner ownership interests in foreign-resident limited partnerships should be reported as equities. Limited partners' ownership interests usually do not carry voting rights; therefore, all ownership interests, even those greater than 10%, are considered portfolio interests, and are reportable in the TIC system.

General partnership ownership interests are always considered to be direct

So our Pensions don't report the GP interest. But check BEA Forms

investments and should be excluded from this report. These interests are reportable to the Bureau of Economic Analysis of the Department of Commerce (see Direct Investment in the Glossary).

3. Securities Involved In Repurchase and Securities Lending Arrangements

A repurchase agreement (repo) is an arrangement involving the sale of securities at a specified price for cash with a commitment to repurchase the same or similar securities at a specified price on a future date. A reverse repo is an agreement whereby a security is purchased at a specified price with a commitment to resell the same or similar securities at a specified price on a specified future date. Securities lending/borrowing arrangements are agreements whereby the ownership of a security is transferred in return for collateral, usually another security or cash, under condition that the security or similar security will revert to its original owner at a future date. All of these arrangements, as well as buy/sell agreements, should be treated as follows:

a. Securities sold under repurchase agreements or lent under securities lending arrangements, or collateral provided, should be reported by the original owner of the securities as if the securities were continuously held; that is, as if the repurchase or security lending agreement did not exist.

b. Securities, including collateral, temporarily acquired under reverse repurchase or borrowing or lending arrangements should not be reported.

c. However, if cash was temporarily received as collateral and was used to purchase securities, those securities should be reported.

4. Depositary Receipts/ADRs/Shares

Depositary receipts/shares, including American depositary receipts (ADRs) or bearer depositary receipts are certificates representing the ownership of securities issued by foreign residents. Issuers of depositary receipts/shares should not report their holdings of the actual, underlying, foreign securities. Only U.S.-residents' holdings of the depositary receipts/shares should be reported as holdings of foreign equities.

H. SUBMISSION OF REPORTS

1. Reporting Dates/Deadlines

   Data on the TIC Form SLT report must be reported as of the last business day of the month (as-of date). The TIC Form SLT report must be submitted to the Federal Reserve Bank no later than the 23rd calendar day of the month following the report as-of date. If the due date of the report falls on a weekend or holiday, the TIC Form SLT report should be submitted the following business day.

2. Where to Report

   Reporting entities that are banks, depository institutions, bank holding companies or financial holding companies (BHCs/FHCs) should file their reports with the Federal Reserve Bank of the District in which the reporting entity is located, unless instructed otherwise by their District Federal Reserve Bank. All other reporting entities should file their reports with the Federal Reserve Bank of New York (FRBNY), regardless of where they are located.

3. How to Report

   TIC Form SLT report must be submitted electronically by using the Federal Reserve System's "Reporting Central" electronic submission system. It is easy to use, secure, provides confirmation of the receipt of the data, and performs a number of validity checks of your file format.

   a. For more information on how to submit data using Reporting Central contact the TIC SLT staff at 212 720-6300 or 646 720-6300. Alternatively, additional information for Reporting Central can be obtained at: https://www.frbservices.org/centralbank/reportingcentral/

4. Signature Requirements

   The signature page of the TIC Form SLT must be retained by the reporter.

5. Reporter ID Number

   Each reporting entity has been assigned a "RSSD-ID" number by the Federal Reserve System. To ensure proper processing, this ID must be entered in the space provided on each form. If you do not know your RSSD ID number, please call the Federal Reserve Bank to which you file.

6. Data Retention

   Reports must be retained for three years from the date of submission.

7. Review of Data and Request for Revised Data

   Data submitted on this Treasury International Capital (TIC) form are reviewed by the Federal Reserve Bank. As a result of this review, the respondent may be asked by the Federal Reserve Bank's staff to provide supplemental information, including reasons for significant data changes between reporting periods, or submit revisions as necessary.

III. PART A AND B INSTRUCTIONS

If a reporting entity is a U.S.-resident issuer and/or end- investor **and** a U.S.-resident custodian (as described in Section II.A), both Part A and Part B of the report form must be completed. Part A (custodian reporting) should include only those long-term securities held in custody by the reporting entity for unaffiliated U.S. investors. Part B (issuer and/or end-investor reporting) should include all other long-term securities positions, including U.S. securities that the reporting entity has issued and foreign securities the reporting entity holds as an end-investor. Part B should also include all long-term securities that the reporting entity has issued directly into the foreign market and are held directly by foreign residents, that is, where neither a U.S.-resident custodian nor U.S.-resident central securities depository is used by the reporting entity. If the reporting entity, or one of its consolidated U.S. subsidiaries, is the custodian for securities it is reporting as an end-investor or as an issuer, those securities should be reported only on Part B. If Part A or Part B is not applicable, place a check mark on the line next to "Not Applicable".

IV. COLUMN BY COLUMN INSTRUCTIONS (PARTS A AND B)

A. LONG-TERM U.S. SECURITIES OWNED BY FOREIGN RESIDENTS (COLUMNS 1 THROUGH 9)

The fair market value of long-term U.S. securities owned by foreign residents for portfolio investment purposes should be reported according to the type of security and type of foreign holder of record. Columns 1, 3, 5 and 7 should be used to report when the holders of record are foreign official institutions (FOIs) and Columns 2, 4, 6 and 8 should be used to report when the holders of record are not FOIs, i.e., all other foreigners.

B. BY TYPE OF FOREIGN HOLDER

1. Foreign Official Institutions (FOIs) (Columns 1, 3, 5 and 7)
   Report the fair market value of long-term U.S. securities owned by Foreign Official Institutions, which include national governments, international and regional organizations, and sovereign wealth funds. Please refer to the Department of the Treasury document, "Partial List of Selected Foreign Institutions Classified as 'Official' For Purposes of Reporting on the Treasury International Capital (TIC) Forms" (See Appendix C). FOIs include foreign government embassies, consulates, and similar diplomatic offices that are located in the U.S. If you are unsure of the FOI status of an entity not on the list, please contact your TIC Form SLT report analyst.

2. All Other Foreigners (Columns 2, 4, 6 and 8)
   Report the fair market value of long-term U.S. securities owned by all other foreign residents for portfolio investment purposes. All other foreigners (non-FOIs) are all foreign-resident entities that do not meet the definition of a Foreign Official Institution. These foreign-resident entities include banks, securities brokers and dealers, departments and agencies of foreign state, provincial, and local governments, foreign government-sponsored businesses, other foreign financial and non-financial businesses and foreign individuals (natural persons). Include in these

columns holdings of foreign affiliated banking offices and nonbanking offices and subsidiaries of the reporter.

C. BY TYPE OF SECURITY

1. U.S. Treasury and Federal Financing Bank Bonds and Notes (Columns 1 and 2)
   Report the fair value of long-term securities (bonds and notes) issued by the U.S. Department of the Treasury and the Federal Financing Bank held for the accounts of foreign residents. Include STRIPS, CATS, COUGARS, LIONS, TIGRS, and other instruments that are collateralized by the U.S. Treasury and Federal Financing Bank issues.

2. Bonds of U.S. Government Corporations and Federally Sponsored Agencies (Columns 3 and 4)
   Report the fair value of long-term securities (bonds, notes, debentures and asset-backed securities) issued by or guaranteed by United States Government corporations or Federally- sponsored agencies. A list of U.S. Agencies is available the Glossary.

3. U.S. Corporate and Other Bonds (Columns 5 and 6)
   Report the fair value of long-term debt obligations of U.S. states and local governments, including municipalities, and of private companies organized under the laws of the United States and all other issuers of U.S. debt securities. Examples of long-term debt securities are bonds, notes, debentures, asset-backed securities (mortgage-backed securities and all other asset-backed securities), covered bonds and perpetual bonds.

4. U.S. Equities (Columns 7 and 8)
   Report the fair value of long-term equities, including common stock, preferred stock and fund shares, issued by entities resident in the United States.

5. Foreign Securities Owned by U.S. Residents (Columns 10 through 13)
   Ownership of long-term foreign securities by U.S. residents for portfolio investment

purposes should be reported according to the type of security.

6. Foreign Government Bonds (Column 10)

   Report the fair value of long-term debt securities (bond, notes, debentures and asset-backed securities) issued by foreign central governments, international and regional organizations, and foreign official institutions.

7. Foreign Corporate and Other Bonds (Column 11)

   Report the fair value of long-term securities issued by public and private corporations and entities resident outside the United States. Include in this column securities issued by departments and agencies of foreign state, provincial and local governments, and foreign government-sponsored corporations.

8. Foreign Equities (Column 12)

   Report fair value of long-term equities issued by public and private corporations and other entities resident outside the United States. Include in this column holdings of American Depositary Receipts (ADRs).

V. INSTRUCTIONS FOR THE OF WHICH ROWS

A. <u>OF WHICH: BY TYPE OF SECURITY</u>

1. Asset-Backed Securities (8999-1)

   Report the portion of asset-backed securities (both mortgage-backed securities and all other asset-backed securities) reported in Columns 3, 4, 5, 6, 9, 10, 11 and 13.

2. Fund Shares (8401-8)

   Report the portion of fund shares and other portfolio equity interest in funds reported in Columns 7, 8, 9, 12 and 13.

B. <u>OF WHICH: BY TYPE OF U.S. ISSUER</u>

Report the portion of "U.S. Corporate and Other Bonds" (Columns 5 and 6), "U.S.

Equities" (Columns 7 and 8) and the "Grand Total" (Column 9) that were issued by U.S-resident depository institutions, other financial organizations, non-financial organizations, and state and local general governments and municipalities.

The type of issuer should be based on the primary business activities of the actual issuer of the securities, not on the activities of the top U.S. company in the consolidated organization.

1. Depository Institutions (8264-3)

   Report the portion of U.S. securities issued by U.S.-resident commercial banks and other depository institutions that are held by or issued to foreign residents in columns 5, 6, 7, 8 and 9.

   U.S.-resident depository institutions include: U.S. commercial banks (national banks; state-chartered commercial banks; trust companies that perform commercial banking business); U.S. branches and agencies of foreign banks; U.S. industrial banks; and banking Edge Act and Agreement Corporations.

   Other U.S. depository institutions include: Building or savings and loan associations; homestead associations; cooperative banks; non-bank banks; credit unions; and mutual or stock savings banks. Include securities issued by credit unions sponsored by state and local governments, including municipalities.

2. Other Financial Organizations (8265-1)

   Report the portion of U.S. securities issued by other U.S.-resident financial organizations in columns 5, 6, 7, 8 and 9. This category covers U.S. securities issued by U.S.-resident financial organizations, other than depository institutions, that are held by or issued to foreign residents. Examples of other financial organizations include, but are not limited to, broker/dealers, bank holding companies (BHCs), insurance corporations, financial holding companies (FHCs), money market funds, pension funds, investment banks, private equity companies, credit card issuers, hedge funds and trusts. Include securities issued by state, local and municipal

pension, retirement and insurance funds.

3. Non-Financial Organizations (8267-8)
   Report the portion of U.S. securities issued by U.S.-resident non-financial organizations, households, and nonprofit institutions serving households (NPISHs) that are held by or issued to foreign residents in columns 5, 6, 7, 8 and 9. Non-financial organizations are organizations whose principal activity is the production of goods or non-financial services. Examples include, but are not limited to corporations, partnerships, enterprises and nonprofit institutions that produce goods or non-financial services. Include securities issued by agencies and instrumentalities of state, local and municipal governments, such as government-owned utilities, hospitals, and parking authorities, that provide goods or non-financial services that are not strictly governmental in nature in exchange for money.

4. State and Local General Government (8268-6)
   Report the portion of U.S. securities issued by U.S.-resident state and local general governments and municipalities that are held by or issued to foreign residents in columns 5, 6 and 9. These securities include revenue, general obligation, and other debts that are their direct liabilities. Exclude securities issued by state, local, or municipal agencies and instrumentalities that perform functions that are not strictly governmental in nature. For example, exclude securities issued by government-sponsored credit unions, utilities, hospitals and parking authorities that provide financial or non-financial services in exchange for money. Also exclude securities issued by state, local, or municipal pension, retirement and insurance funds.

C. <u>OF WHICH: BY TYPE OF U.S. HOLDER</u>

Report the portion of foreign securities (Columns 10 through 13) that are owned by U.S.-resident depository institutions, other financial organizations and non-financial organizations. For Part B reporting, the reporting entity should provide the "By type of U.S. holder" information for the parts of its consolidated entity that own foreign securities.

1. Depository Institutions (8166-3)

   Report the portion of foreign securities owned by commercial banks and other depository institutions organized under the laws of the United States in columns 10, 11, 12 and 13.

   Commercial banks in the United States include: U.S. branches and agencies of foreign banks; national banks; state-chartered commercial banks; trust companies that perform commercial banking business; industrial banks; and banking Edge Act and Agreement Corporations.

   Other depository institutions in the United States include: Building or savings and loan associations; homestead associations; cooperative banks; non-bank banks; credit unions; and mutual or stock savings banks. Include foreign securities owned by credit unions sponsored by state and local governments and municipalities.

2. Other Financial Organizations (8164-7)

   Report the portion of foreign securities owned by other U.S.-resident financial organizations in columns 10, 11, 12 and 13. This category covers foreign securities held by U.S.-resident financial organizations other than U.S. depository institutions. Examples of other financial organizations include, but are not limited to, broker/dealers, bank holding companies (BHCs), insurance corporations, financial holding companies (FHCs), money market funds, public and private pension funds, investment banks, private equity companies, credit card issuers, hedge funds and trusts. Include foreign securities owned by state, local and municipal pension, retirement and insurance funds.

3. Non-Financial Organizations (8165-5)

   Report the portion of foreign securities owned by U.S.-resident non-financial organizations, households, and nonprofit institutions serving households (NPISHs) in columns 10, 11, 12 and 13. Non-financial organizations are organizations whose principal activity is the production of goods or non-financial services. Examples include, but are not limited to corporations, partnerships, enterprises and nonprofit

institutions that produce goods or non-financial services. Include securities owned by agencies and instrumentalities of state, local and municipal governments, such as government-owned utilities, hospitals, and parking authorities, that provide goods or non-financial services that are not strictly governmental in nature in exchange for money. Exclude foreign securities owned by general government (U.S. federal, state and local governments and municipalities) from "non-financial organizations."

APPENDIX A

DEPARTMENT OF THE TREASURY

SAMPLE REPORTING TIC FORM SLT

This form is available at the following TIC website:

http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms-slt.aspx

APPENDIX B

DEPARTMENT OF THE TREASURY

GEOGRAPHICAL CLASSIFICATION

CODES FOR COUNTRIES, AREAS & INTERNATIONAL/REGIONAL ORGANIZATIONS TO BE USED FOR PURPOSES OF REPORTING ON TREASURY INTERNATIONAL CAPITAL FORMS

The most recent version of this appendix is now a separate document. A copy is on the TIC website at:

http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/foihome.aspx

APPENDIX C

DEPARTMENT OF THE TREASURY

CERTAIN FOREIGN INSTITUTIONS CLASSIFIED AS OFFICIAL, A LIST TO BE USED ONLY FOR PURPOSES OF REPORTING ON TREASURY INTERNATIONAL CAPITAL (TIC) FORMS

The most recent version of this appendix is now a separate document.
A copy is on the TIC website at:

http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/foihome.aspx

APPENDIX D

DEPARTMENT OF THE TREASURY

GLOSSARY

The most recent version of this appendix is now a separate document.
A copy is on the TIC website at:

http://www.treasury.gov/ticdata/Publish/ticglossary-june2014.pdf

TIC GLOSSARY June 2014

ADMINISTRATIVE AGENT – An institution responsible for administering a loan, acting on behalf of all lenders, and acting as a conduit for all payments in a loan syndication.

AFFILIATE – A foreign-resident affiliate is any foreign-resident entity for which the reporter owns 10 percent or more of its voting equity (or the equivalent); or any foreign-resident "parent" company which owns 10 percent or more of the reporter's voting equity (or the equivalent); or any foreign-resident company which is a subsidiary (50 percent or more owned) of a foreign parent company of the reporter.

AMERICAN DEPOSITARY RECEIPT (ADR) – Negotiable certificates, typically issued by a U.S.-resident company for securities (usually shares of stock) issued by a foreign corporation. The securities are backed by the foreign securities, which are held in a custodial account, either at the issuing bank or by an agent. The ADRs themselves may be held in U.S. or foreign banks. ADRs are considered foreign securities. (To avoid double counting, the custodial holdings of the foreign securities are not reportable.)

AMERICAN DEPOSITARY SHARE (ADS) – Negotiable securities certificate issued in the United States by transfer agents acting on behalf of foreign issuers, where the foreign issuers absorb part or all of the handling costs involved. The ADS should be reported, not the foreign securities held in custody.

ASSET POOLS – A collection of assets (securities, real estate, currencies, commodities). Funds and other investment vehicles usually invest in asset pools.

ASSET-BACKED SECURITIES – Securitized interests in a pool of assets, which give the purchaser a claim against the cash flows generated by the underlying assets. These pools may be derived from mortgage loans, auto loans, credit card receivables, vehicle and equipment leases, consumer loans, commercial loans or other assets. ABS give the holder an undivided interest in the securitized assets and payments made from the cash flows received by the issuer from the payments of principal and interest from the borrowers. (ABS include mortgage-backed securities (MBS), collateralized mortgage obligations (CMOs), collateralized loan obligations (CLOs), collateralized debt obligations (CDOs), and stripped asset-backed securities. ABS do not include securities, such as covered bonds or pfandbriefes, where the security is collateralized, but the holder of the security does not have a claim of the cash flows generated by the collateral.)

BEARER BOND – Securities that are not registered in the name of their owner. The owner collects interest and dividends upon presentation of detachable coupons to a bank or fiduciary agent.

BEARER BOOK-ENTRY SECURITIES – See BEARER GLOBAL NOTES/CERTIFICATES.

BEARER GLOBAL NOTES/CERTIFICATES – Bearer notes issued to one or more dealers that are represented by a single global note in bearer form and are intended to be the backing for

registered securities issued by the central security depository. (See also GLOBAL NOTES/CERTIFICATES.)

BRADY BONDS – Collateralized dollar-denominated bonds issued by a foreign government or central bank in exchange for loans under the Brady Plan. Brady Bonds are considered long-term debt securities.

BROKERAGE BALANCES – Cash balances: 1) held by U.S. residents in brokerage and margin accounts with foreign residents; and 2) held by foreign residents in brokerage and margin accounts at U.S.-resident entities. Brokerage balances should be reported gross and include funds that may be freely withdrawn or held to support positions in futures, securities or other financial instruments.

The following are examples that generate cash balances in brokerage balances:

- Cash proceeds from selling securities short.
- Cash margin or collateral placed to support open positions in futures (initial, maintenance and margin) or options on exchanges, over-the-counter derivatives, and excess cash margin or collateral retained from previous settlements of positions.
- Cash margin lent to foreign residents for their purchases of securities.
- Cash interest and dividends on securities that have been pledged as collateral with foreign residents.

CENTRAL SECURITIES DEPOSITORY (CSD) – CSDs hold securities, either in certificated or uncertificated (dematerialized) form, to enable the transfer of ownership of securities.

CSDs are not necessarily custodians, since they may be responsible only for registering and settling security transactions. The major U.S. central securities depository is Depository Trust and Clearing Corporation (DTCC) and the major foreign- resident central securities 31 depositories are Euroclear and Clearstream.

CERTIFICATE OF DEPOSIT (CDS) – See NEGOTIABLE CERTIFICATES OF DEPOSIT.

COLLATERALIZED MORTGAGE OBLIGATION (CMO) – Mortgage-backed securities, which give the purchaser a claim against the cash flows generated by the underlying mortgages. CMOs are usually characterized by a multi-tranche or multi-class serialized structure.

COMMERCIAL PAPER – A promissory note either unsecured or backed by assets such as loans or mortgages. They are usually sold at a discount and customarily have a maturity of 270 days or less.

COMMINGLED ACCOUNT – An account in which the investment funds of individual clients are pooled, with each client owning portions of the pooled account.

COMMODITY-LINKED DERIVATIVES – Commodity contracts are contracts that have a return, or portion of their return, linked to the price of, or to an index of, precious metals, petroleum, lumber, agricultural products, etc.

COMMON STOCK – A security representing units of equity ownership in a corporation. Common stock claims are subordinate to the claims of bondholders, preferred stockholders, and general creditors. Owners typically are entitled to vote on the selection of directors and other important matters as well as to receive dividends on their holdings.

CONVERTIBLE BOND – A bond that can be exchanged at a set price for equity securities by the holder under certain conditions.

CONVERTIBLE SECURITIES – Corporate securities (usually preferred shares or bonds) that are exchangeable for a set number of another form (usually common shares) at a pre-stated price.

COVERED BOND – Also known as Mortgage Bond or Pfandbriefe. A bond that is backed by loans, typically mortgages, but does not give the purchaser a claim against the cash flows generated by the underlying assets.

CREDIT BALANCES – Liabilities to a third party that are incidental to, or that arise from, the exercise of banking powers, including the payment of checks and lending of money. They must be no larger than necessary for the specific transaction. Credit balances are reported as deposits.

CREDIT DERIVATIVES – Contracts in which the payout is linked primarily to some measure of the creditworthiness of one or more credits. Credit derivatives are arrangements that allow one party (the "beneficiary") to transfer the credit risk of a "reference asset" or "reference entity" to another party (the "guarantor"). Credit derivatives include credit default swaps, total return swaps and credit options.

CUSTODIAN – An organization that manages or administers the custody or safekeeping of stock certificates, debt securities, or other assets for institutional and private investors.

DEALERS – A securities dealer is an entity that engages in buying securities for its own account. However, the definition of securities dealers excludes depository institutions and other institutions acting in a fiduciary capacity. See the Securities Exchange Act for a list of the activities that constitutes a dealer.

DEPOSIT NOTES – A debt security issued by a bank, backed by federal deposit insurance up to $100,000 in principal and interest. They pay a fixed rate of interest and can be issued in book entry or certificate form.

DEPOSITARY RECEIPTS – Negotiable certificates evidencing the deposit of publicly traded securities. Depositary Receipts can be listed on an exchange to ease trading in markets outside that of the issuing corporation. Depositary receipts are available in various forms, including American (ADR), which represent shares of a non-U.S. corporation and are considered foreign

equity securities; European (EDR), which represent shares of either a U.S. or non-U.S. corporation and are used to access the European markets; Global (GDR) and International (IDR), which represent shares of either a U.S. or non-U.S. corporation; and American Depositary Shares (ADS), which represent individual shares of a non-U.S. corporation.

DEPOSITORY – An entity that holds securities, either in certificated or uncertificated (dematerialized) form, to enable the transfer of ownership of securities. Depositories are not necessarily custodians, since they may be responsible only for registering and settling security transactions. The major U.S. depository is Depository Trust and Clearing Corporation (DTCC).

DEPOSITORY INSTITUTION – Any financial institution that accepts deposits. Depository institutions include government-sponsored credit unions.

U.S. depository institutions include:

U.S. government-sponsored credit unions, U.S. commercial banks (national banks, state-chartered commercial banks, trust companies that perform commercial banking business), U.S. branches and agencies of foreign banks, U.S. industrial banks, and banking Edge Act and Agreement Corporations, building or savings and loan associations, homestead associations, cooperative banks, non-bank banks, credit unions, and mutual or stock savings banks."

DEPOSITS – The unpaid balance of money or its equivalent received or held by a bank in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, including balances in a checking, savings, or time account, or which are evidenced by its certificate of indebtedness, or other similar name, or a check or draft drawn against a deposit account and certified by the bank, or a letter of credit or a traveler's check on which the bank is primarily liable.

DERIVATIVE CONTRACT – A derivative contract is a financial instrument or other contract with all three of the following characteristics:

- It has: (a) one or more underlyings; (b) one or more notional amounts; and (c) payment provisions. These terms determine the amount of the settlement or settlements, and, in some cases, whether or not a settlement is required.
- It requires no initial net investment, or an initial net investment that is much smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- Its terms require or permit net settlement, it can readily be settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

DEVELOPMENT BANKS – Entities owned by national governments other than the United States and are established to promote economic development of sectors of the economy, such as trade, housing, agriculture, finance and industry.

DIRECT INVESTMENT – Investment in which a resident of one country obtains a degree of influence over the management of a business enterprise in another country. The criterion used to define direct investment is ownership of at least 10 percent of the voting securities of an incorporated business enterprise or the equivalent interest in an unincorporated business enterprise. U.S. direct investment abroad represents the ownership or control, directly or indirectly, by one U.S. resident (U.S. parent) of at least 10 percent of a foreign business enterprise, which is called a foreign affiliate. Foreign direct investment in the United States represents the ownership or control, directly or indirectly, by one foreign resident (foreign parent) of at least 10 percent of a U.S. business enterprise, which is called a U.S. affiliate. For guidance on how to apply the direct investment criterion in the case of a limited partnership, see "LIMITED PARTNERSHIPS AND DIRECT INVESTMENT" below.

Direct investment transactions and positions include the equity that gives rise to control or influence and intercompany lending, i.e., debt between affiliated enterprises. However, debt between selected affiliated financial intermediaries is not classified as direct investment because it is not considered to be so strongly connected to the direct investment relationship.

The financial intermediaries covered by this case are:

- deposit-taking corporations;
- securities brokers and dealers;
- financial and bank holding companies;
- investment funds; and
- other financial intermediaries.

However, insurance companies and pensions funds are financial intermediaries that are not covered by this case and their debt positions with their affiliates are part of direct investment.

Since insurance companies and pension funds are not covered by this case, insurance companies and pension funds should only report debt positions with unaffiliated foreign firms.

Therefore, all direct investment transactions and positions should be excluded from the TIC system. These transactions and positions should instead be reported to the Bureau of Economic Analysis (BEA). U.S. residents in direct investment relationships are required to file reports with BEA unless exempt.

END-INVESTOR – An entity that acquires or relinquishes securities for its own account (for trading, investment, or any other purposes) or invests on behalf of others, including asset pools, such as managers of mutual funds, managers of insurance company policyholder assets, and pension fund managers.

EQUITY, EQUITIES – Equity includes common stock, preferred stock, fund shares, and portfolio investment in limited partnerships and hedge funds and funds of hedge funds. U.S. equity is issued by entities resident in the United States. Foreign Equity is issued by public and private corporations and entities incorporated outside the United States, including holdings of American Depositary Receipts (ADRs).

EQUITY-LINKED DERIVATIVES – Equity contracts are contracts that have a return, or portion of their return, linked to the price of a particular equity or to an index of equity prices, such as the Standard and Poor's 500.

EXCHANGE-TRADED FUNDS (ETFS) – Mutual funds which trade like stocks on exchanges.

FINANCIAL INTERMEDIARY - An organization or part thereof (e.g., subsidiary or other operating unit) whose major activity is to raise or otherwise obtain funds to provide to another entity. (An insurance company is not a financial intermediary. "Other financial intermediary" is a financial intermediary other than a depository institution, a securities broker/dealer or a bank holding company and/or financial holding company.

FINANCIAL ORGANIZATION – Any organization that is principally engaged in providing financial services to other organizations and households. This includes but is not limited to financial intermediation services provided by banks and other depository institutions, brokerage services, underwriting services, financial management services, credit origination services, credit card services, insurance services, pension services, financial advisory services, custody services, securities lending services, and electronic funds transfer services. Types of financial organizations include but are not limited to depository institutions, broker/dealers, bank holding companies (BHCs), insurance corporations, financial holding companies (FHCs), money market funds, pension funds, investment banks, private equity companies, credit card issuers, hedge funds and trusts. Financial organizations include government-sponsored credit unions and pension funds.

FINANCING LEASE – A lease is an agreement that transfers the right to use an asset for a specified period of time. Follow the standards set forth in FASB Statement No. 13, "Accounting for Leases" to distinguish a financing lease from an operating lease. In particular, if any one of the following criteria is met, a lease must be accounted for as a financing (or capital) lease:

- Ownership of the property is transferred to the lessee at the end of the lease term, or
- The lease contains a bargain purchase option, or
- The lease term represents at least 75 percent of the estimated economic life of the leased property, or
- The present value of the minimum lease payments at the beginning of the lease term is 90 percent or more of the fair value of the leased property to the lessor at the inception of the lease less any related investment tax credit retained by and expected to be realized by the lessor.

If none of the above criteria is met, the lease should be accounted for as an operating lease.

FOREIGN BANK – A bank located in a foreign country and organized under the laws of that country.

FOREIGN OFFICIAL INSTITUTIONS (FOI) – A foreign official institution includes the following:

1. Treasuries, including ministries of finance, or corresponding departments of national governments; central banks; including all departments thereof; stabilization funds, including official exchange control offices or other government exchange authorities; diplomatic and consular establishments and other departments and agencies of national governments

2. International and regional organizations.

3. Banks, corporations, or other agencies (including development banks and institutions that are majority-owned by central governments) that are fiscal agents of national governments, performing activities similar to those of a treasury, central bank, stabilization fund, or exchange control authority."

FOREIGN RESIDENT (FOREIGN, FOREIGNER) – Any individual, corporation, or other organization legally established outside the United States, regardless of the actual center of economic activity of the entity. A corporation incorporated outside the United States is a foreign resident even if it has no physical presence outside the United States.

Foreigners/Foreign Residents include:

- Foreign governments and any subdivision, agency or instrumentality thereof, including all foreign official nonbanking institutions, even if located in the United States (e.g., an embassy, consulate, or other diplomatic establishment of a foreign country). (However, all U.S. subsidiaries of foreign corporations are U.S. residents.)

- Entities that have filed an IRS Form W-8, indicating that the individual or entity is a nonresident alien or foreign entity not subject to certain United States information return reporting or to backup withholding rules.

- Any corporation or other organization located outside the United States, including the branches, subsidiaries, and other affiliates of U.S. entities located abroad.

- Individuals, including citizens of the United States, residing outside the United States.

EXCEPTION: Official international or regional organizations or subordinate or affiliated agencies thereof, created by treaty or convention between sovereign states, even if located in the United States, including the International Bank for Reconstruction and Development (IBRD or World Bank), the International Monetary Fund (IMF), and the United Nations (UN), are also considered foreign residents. (For a list of international and regional organizations, please see the corresponding appendix in instructions for each report form.)

FOREIGN SECURITIES – Securities issued by entities established under the laws of a foreign country (i.e., legally incorporated, otherwise legally organized, or licensed (such as branches) in a foreign country) and securities issued by international organizations, even if these organizations are located in the United States.

FOREIGN SUBCUSTODIAN - A foreign institution that holds in safekeeping foreign securities for a U.S. resident custodian.

FOREIGN-RESIDENT AFFILIATE – Any foreign-resident entity for which the reporter owns, directly or indirectly, 10 percent or more of its voting equity (or the equivalent); or any foreign-resident "parent" company which owns 10 percent or more of the reporter's voting equity (or the equivalent); or any foreign-resident company which is a subsidiary (50 percent or more owned) of a foreign parent company of the reporter.

FOREIGN-RESIDENT CUSTODIAN – A custodian located outside the United States, including a foreign affiliate of a U.S. custodian. Reporters should determine the location of a custodian according to the country where the custodian is incorporated, or otherwise legally established, not according to the country of custodian's parent firm, and not according to the location of the custodian's operations center.

FORWARDS – Contracts that represent agreements for future delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified commodity or instrument at a specified price or yield.

FUNDS – Pooled, separate and general investment accounts including the following institutional and private investors: private and public pension funds; mutual funds, country funds, exchange traded funds, unit investment trusts, collective-investment trusts, hedge funds, and any other similarly pooled, commingled investment fund.

FUTURES – Contracts that represent agreements for future delivery of financial instruments in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument at a specified price or yield. Futures contracts are standardized and are traded on organized exchanges.

GLOBAL NOTES/CERTIFICATES – Notes issued to one or more dealers that are represented by a single global note and are intended to be the backing for registered securities issued by the central security depository.

HOLDER OF SECURITIES – The holder of record is the owner of a company's securities as recorded on the books of the issuing company or its transfer agent as of a particular date. The term "holder of securities" in the TIC instructions also refers to the custodian holding on behalf of its clients. The content of the surrounding instructions should determine the appropriate meaning. If there are questions, contact the Federal Reserve Bank.

HOUSEHOLD – An individual or group of individuals that share a dwelling, that is, live and sleep in that dwelling most of the time, who pool some or all of their income and wealth, and who consume certain types of goods collectively, mainly housing and food. Business activities included in this sector are informal and do not have a separate legal status from the household. Partnerships and proprietorships that have a separate legal identity from the household are organizations that are not included in the household sector.

INDIVIDUALS – Natural persons.

INSURANCE TECHNICAL RESERVES – Insurance technical reserves are liabilities of the insurance companies to policyholders and beneficiaries which represent the amounts identified by insurance companies to account for the prepayment of insurance premiums and reserves for unpaid claims incurred but not yet paid. These reserves quantify the outstanding loss liabilities for insurance claims which have been reported and not paid or which have been incurred but not reported (IBNR).

INTERNATIONAL BANKING FACILITIES (IBFS) – A set of asset and liability accounts, segregated on the books of the United States establishing entity. IBFs are permitted to hold only assets and liabilities of foreign residents, residents of Puerto Rico and United States territories and possessions, other IBFs, and United States and foreign offices of the establishing entity. (See Federal Reserve Regulation D for more information.)

INVESTMENT MANAGER – An entity responsible for communicating instructions regarding account transactions on behalf of end-investors to ensure authorized transactions are performed correctly and that the accounts are properly maintained and reported to the end-investor. An entity's status as an investment manager is not affected by the entity's responsibility, or lack thereof, for making investment decisions.

INVESTMENT TRUST SHARE – A share of a company bound by a trust deed issued in registered form, formed to invest in specific types of securities. Shares in an investment trust can usually be bought and sold only through the stock exchange. These are sometimes referred to as 'closed-end' funds.

ISSUER – Legal entity that has the power to issue and distribute a security. Issuers include corporations, municipalities, foreign and domestic governments and their agencies, and investment trusts.

LIMITED PARTNERSHIPS AND DIRECT INVESTMENT – The determination of whether a partner and a limited partnership are in a direct investment relationship is based on who controls the partnership; it is NOT based on the percentage of ownership in the partnership's equity. In most cases, the general partner is presumed to control a limited partnership and therefore, to be in a direct investment relationship with the limited partnership. If there is more than one general partner, the partnership is presumed to be controlled equally by each of the general partners, unless a clause to the contrary is contained in the partnership agreement. Limited partners do not normally exercise any control over a limited partnership. Therefore unless a clause to the contrary is contained in the partnership agreement, limited partners are presumed not to be in a direct investment relationship with the limited partnership. Some partnership agreements grant voting rights to limited partners. In such a case, the limited partner could be in a direct investment relationship with the limited partnership if it met the 10 percent voting rights criterion for direct investment.

LOAN – A loan is generally an extension of credit resulting from direct negotiations between a lender and a borrower. The loan may have originated through direct negotiations with the borrower or it may have been originated by another lender that directly negotiated with a

borrower. Loans may take the form of promissory notes, acknowledgements of advance, due bills, invoices, overdrafts, and similar written or oral obligations.

Loans include:

- Factored accounts receivable.
- Participations (acquired or held) in a single loan or pool of loans or receivables (see glossary entry for PARTICIPATIONS).
- Drawn syndicated loans.
- Repurchase/resale agreements, where securities have been transferred in return for cash balances.
- Loans made to finance trade other than those between purchaser and seller of the traded good or service.
- Loans exclude those instruments that meet the definition of a security (See glossary entry for SECURITIES).

LOAN SERVICING ARRANGEMENTS, LOAN SERVICER – An arrangement whereby one party (the loan servicer) agrees to collect payments from borrowers on behalf of the holder(s) of the loan. The loan servicer may be the originator of the loans, or may be another institution.

LONG-TERM – No contractual maturity or an original maturity of more than one year. Long-term securities are securities without a stated maturity date (such as equities) or with an original term-to-maturity greater than one year.

LONG-TERM DEBT SECURITY – Debt security with no contractual maturity or with an original maturity of more than one year.

FUND MANAGER – Manager of a pool of money such as a, but not limited to, mutual fund, pension fund, insurance fund, bank-pooled fund or hedge funds.

MUNICIPAL BONDS – Debt securities issued by state and local governments.

NATIONALIZED BANK – Institutions owned by foreign central governments that are classified as banks in their respective countries. Nationalized banks are classified as foreign private commercial banks. However, a nationalized bank is classifed as a foreign official instituion when it performs the functions of a central bank.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A negotiable (transferable) instrument or deposit in book entry form evidenced by a receipt or similar acknowledgement issued by a bank, which provides on its face that the amount of such deposit is payable to bearer or any specified person (e.g., deposit notes, bank notes).

NET SETTLEMENTS – Net settlements include all cash receipts and payments for the purchase, sale, or final closeout of derivatives, as well as all payments according to the terms of

derivative contracts such as periodic payments under the terms of a swap agreement or daily payments for an exchange-traded contract. Do not report as settlements the value of commodities, securities, or other non-cash assets received or delivered to settle derivatives contracts of any type.

NON-BANK FINANCIAL INSTITUTIONS (NBFIS) – Businesses and institutions other than "banks" and "public," as defined above, that are primarily engaged in proprietary investments and/or in the provision of financial services to other organizations and households. These services include, but are not limited to financial intermediation services whose functions are predominantly: the extending of credit for business purposes, brokerage services, underwriting services, financial management services, credit origination services, credit card services, insurance services, and pension services. Types of non-bank financial organizations include, but are not limited to:

- Securities brokers/dealers
- Bank holding companies (BHCs)
- Financial holding companies (FHCs)
- Insurance companies
- Money market funds
- Pension funds
- Investment banks
- Private equity funds
- Credit card issuers
- Hedge funds
- Trusts
- Finance companies
- Mortgage companies
- Factors and other financial intermediaries who extend short-term business credit to finance inventories or carry accounts receivable"

NON-FINANCIAL ORGANIZATION – Any organization that is principally engaged in producing goods or nonfinancial services. This sector excludes Federal, state, and local governments; however it includes agencies and instrumentalities of governments such as utilities that produce goods or non-financial services that are not strictly governmental in nature in exchange for money.

NON-PROFIT INSTITUTIONS SERVING HOUSEHOLDS – Institutions that are mainly engaged in providing goods and services to households free of charge or at prices that are not economically significant. Examples include but are not limited to charities, relief and aid organizations and religious institutions.

OPTIONS – Contracts that convey either a right or an obligation to buy or sell a financial instrument at a specified price by a specified future date. Options may trade on an organized exchange or in OTC markets.

Bought Options: The buyer of an option contract has, for compensation (such as a fee or premium), acquired the right (or option) to sell to, or purchase from, another party some financial instrument at a stated price on a specified future date.

Written Options: The seller of the contract has, for such compensation, become obligated to purchase or sell the financial instrument at the option of the buyer of the contract. A put option contract obligates the seller of the contract to purchase some financial instrument at the option of the buyer of the contract. A call option contract obligates the seller of the contract to sell some financial instrument at the option of the buyer of the contract.

OTHER FINANCIAL INTERMEDIARY – A financial intermediary other than a depository institution, a securities broker/dealer, or a bank holding company and/or a financial holding company.

OVERDRAFT – An overdraft exists when a depository institution honors a check or draft drawn against a deposit account in which insufficient funds are held. Overdrafts should be reported gross and not netted against good balances.

PARTICIPATIONS – A loan agreement whereby one bank contracts with other banks to participate in making a loan to a borrower. Each participant should report the amount of its own share in the participated loan.

PAYING AGENT – An entity that is appointed by an issuer of securities, which makes payments of principal and interest on the issuer's behalf.

POLICYHOLDER – A policyholder is the party that owns an insurance policy.

PORTFOLIO INVESTMENT – Pursuant to 22 U.S.C. 3102, portfolio investment means any international investment which is not direct investment. "International investment" means (a) the ownership or control, directly or indirectly, by contractual commitment or otherwise, by foreign persons of any interest in property in the United States, or of stock, other securities, or short and long-term debt obligations of a United States person, and (b) the ownership or control, directly or indirectly, by contractual commitment or otherwise, by United States persons of any interest in property outside the United States, or of stock, other securities, or short- and long-term debt obligations of a foreign person.

PREFERRED STOCK – Equity securities with preferences to the common stock of the issuer. Preferred stock is usually entitled to dividends, stated as a fixed dollar amount or as a percentage of par value, before any dividend can be paid on the common stock and has priority over common shares in the event of liquidation.

PREPAID INSURANCE PREMIUMS – Prepaid insurance premiums are the consideration paid by policyholders to insurance underwriters in exchange for the provision of defined future benefits or for the indemnification against specified insured losses. The portion of premiums associated with the unexpired portion of the term of coverage should be reported as liabilities of U.S. – resident insurance underwriters to foreign-resident policyholders.

PRIME BROKERS – Full service brokers that facilitate the clearance and settlement of securities provide the ability to trade with multiple brokerage houses while maintaining a centralized master account with all of the client's cash and securities and provide other services.

REINSURANCE RECOVERABLES - Reinsurance recoverable represent reimbursements expected by U.S.- resident insurance underwriters, under reinsurance contracts governing underwriting coverage ceded to a foreign – resident insurer, for paid and unpaid claims, claims settlement expenses, and other policy benefits.

REPURCHASE/RESALE AGREEMENTS – A repurchase agreement is a transaction involving the sale of financial assets by one party to another, subject to an agreement for the seller to repurchase the assets at a specified price on a future date. A resale agreement (also known as a reverse repurchase agreement) is the same transaction viewed from the opposite perspective. Securities sold or purchased under repurchase (resale) agreements should be reported as if the transaction had not occurred.

Please note that all repurchase agreements should be reported gross (i.e., FIN 41 should not be applied).

If a repurchase agreement does not qualify as a secured borrowing under FAS Statement No. 140, the selling institution should account for the transaction as a sale of financial assets and a forward commitment to repurchase the security. Similarly, if a resale agreement does not qualify as a borrowing under FAS Statement No. 140, the purchasing institution should account for the transaction as a purchase of financial assets and a commitment to sell.

Securities lending agreements in which one security is loaned in return for another are not reportable on the TIC Forms.

SECURITIES – Securities are any bill, note, bond, debenture, equity or similar instrument that is commonly referred to as a security, excluding certificates of deposit. (In cases where it is not clear if a specific instrument is a security, contact the Federal Reserve Bank of New York.)

Securities may be negotiable (tradable in secondary markets) or non-negotiable (not tradable in secondary markets).

Securities are classified as short-term (original maturity of one year or less) or long-term (original maturity of more than one year). Short-term securities, include money market instruments such as Treasury bills, short-term agency securities, commercial and finance paper, bankers' acceptances, and short-term notes

Long-term securities include securities with no stated maturity, including equity securities such as common stock, preferred stock, certificate of interests, partnership interests, and mutual fund shares.

SECURITIES BROKERS AND DEALERS – Generally, securities brokers are entities that regularly engage in effecting securities transactions for others.

A securities dealer is an entity that engages in buying securities for its own account. However, the definition of securities dealers excludes depository institutions and other institutions acting in a fiduciary capacity. (See the Securities Exchange Act for a list of the activities that constitutes a dealer.)"

SECURITIES DEPOSITORY – See CENTRAL SECURITIES DEPOSITORY (CSD).

SETTLEMENT DATE – The date a security is delivered to the purchaser.

SETTLEMENT DATE ACCOUNTING – Under settlement date accounting, assets purchased are not recorded until settlement date. Therefore, only after receiving or sending payment for any financial instrument should the transaction or position be reported.

SHARES or OTHER UNITS OF FUNDS – A share is a unit of equity ownership in a corporation; mutual fund; or interest, normally represented by a certificate, in a general or limited partnership. Ownership and transactions are sometimes made and priced in terms of other units, such as a "unit" of a Unit Investment Trust. In the case of Exchange-Traded-Funds, large investors often trade in "creation units", e.g. a 50,000 share block, that are bought and sold "in kind".

SHORT-TERM – Original maturity of one year or less.

SHORT-TERM DEBT SECURITY – Debt security, including negotiable money market instruments, with an original maturity of one year or less.

SINKING FUND DEBT or SINKER – A debt security on which the interest and principal payments are made from a sinking fund. A sinking fund is money accumulated on a regular basis in a separate custodial account that is used to retire a certain amount of the debt at specified intervals and to pay interest on the remaining principal at specified intervals.

STATE OR LOCAL GENERAL GOVERNMENT – The fifty states of the United States and the District of Columbia, Puerto Rico and the U.S. territories and possessions, and their political subdivisions, including counties, municipalities, school districts, irrigation districts, and drainage and sewer districts. INCLUDES, but is not limited to the following activities that issue securities: General municipal obligation bonds; Housing/Multi-family programs (housing finance); Revenue bonds (includes general "tax-revenue" bonds, as well as bonds financed by revenue from toll roads, bridges, transportation facilities); Industrial development bonds; General economic development bonds; Bonds for building correctional facilities; School District improvement bonds; Higher education bonds; Fire District improvement.

NOTE: It is common to refer to the "public sector", which is composed of general government plus the public enterprises. The latter are agencies and instrumentalities of such governments that issue securities for the provision of goods/services that are not strictly governmental in nature in exchange for money. For purposes of TIC reporting, the public enterprises are excluded from "general government" and are included in different sectors, as indicated below:

- Depository Institutions sector -- State and local Credit Unions

- Other Financial Organizations sector -- Pension funds, Retirement funds, Insurance (e.g., health insurance, unemployment insurance)
- Non-Financial Organizations sector -- Utilities (water, electric, sewer, etc.), Healthcare/Hospital bonds , Parking Authority (parking lots and garages)

STRIPPED DEBT SECURITIES – Debt securities that have been transformed from a principal amount with periodic interest coupons into a series of zero-coupon securities with the range of maturities matching the coupon payment dates and the redemption date of the principal amount.

STRIPS – An acronym for Separately Traded Registered Interest and Principal Securities. These securities are created by "stripping" coupon payments from securities and treating these coupons as separate securities from the principal.

STRUCTURED NOTE OR BOND – An over-the-counter financial instrument created specifically to meet the needs of one or a small number of investors. Some of the more common structures include: step-up bonds, index amortizing notes, dual index notes, deleveraged bonds, range bonds, and inverse floaters.

SUBCUSTODIAN – A custodian that has legal responsibility for the safekeeping of securities entrusted to it by another custodian.

SUBORDINATED DEBT – A security evidencing debt that the holder agrees to rank after senior creditors, but before shareholders, in a bankruptcy.

SUBSIDIARY – A company in which another company (parent) owns 50% or more of the voting securities, or an equivalent interest, or meets the consolidation requirements of U.S. GAAP. A subsidiary is always, by definition, an affiliate, but subsidiary is the preferred term when majority control exists.

SWAPS – Contracts in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. Forward starting swap contracts should be reported as swaps.

SWEEP AGREEMENTS - Sweep agreements are contractual agreements between institutions and their customers that allow funds to be automatically transferred to another account at the same institution, another institution, or into a financial instrument.

TREASURY BILL - A common form of sovereign debt issued by many governments.

U.S. GOVERNMENT AGENCY AND FEDERALLY SPONSORED ENTERPRISE SECURITIES - Securities that are guaranteed by or are the obligation of a federal agency, a federal instrumentality, or a federally sponsored enterprise. These securities include, but are not limited to, mortgage-backed securities that were issued by, guaranteed by, or are the obligation of a federal agency, a federal instrumentality, or a federally sponsored enterprise, including participation certificates, pass-through, CMOs, REMICS, and IO or PO issues. U.S. government agency securities exclude privately issued mortgage-backed securities that are not guaranteed

by the U.S. government or federally sponsored enterprises, even if the underlying collateral is government guaranteed.

A. U.S. Federal Government Agencies and Corporations include, but are not limited to:

Architect of the Capital
Commodity Credit Corporation (CCC)
Department of Agriculture, including former Rural Electrification Administration (REA) and former Farmers Housing Administration (FMHA)
Department of Defense and Military Services (e.g. Air Force)
Department of Housing and Urban Development (HUD)
Department of Interior
Export-Import Bank of the United States (Ex-Im Bank)
Federal Communication Commission (FCC)
Farm Credit System Financial Assistance Corporation (FCSFAC)
Federal Deposit Insurance Corporation (FDIC), including FSLIC Resolution Fund
Federal Housing Administration (FHA)
Financing Corporation (FICO)
General Services Administration (GSA)
Government National Mortgage Association (GNMA or Ginnie Mae)
Maritime Administration
National Archives and Records Administration (NARA)
National Consumer Cooperative Bank
Overseas Private Investment Corporation (OPIC)
Resolution Funding Corporation (REFCORP)
Rural Telephone Bank
Small Business Administration
Tennessee Valley Authority (TVA), including lease obligations
Washington Metropolitan Area Transit Authority (WMATA)

B. Federally Sponsored Enterprises include, but are not limited to:

Farm Credit System:
  Agricultural Credit Bank (ACB)
  Farm Credit Banks (FCB)
Federal Agricultural Mortgage Corporation (FAMC or Farmer Mac)
Federal Home Loan Banks (FHLB)
Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Federal National Mortgage Association (FNMA or Fannie Mae)

U.S. MILITARY FACILITIES – Offices of United States banks located in foreign countries that provide financial services to persons in the United States Armed Forces stationed abroad. For purposes of these reports, United States military facilities are classified as banking offices located in the United States.

U.S. PERSON – Pursuant to 22 U.S.C. 3102 a United States person is any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization

(whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency), who resides in the United States or is subject to the jurisdiction of the United States.

U.S. RESIDENT – Any individual, corporation, or other organization located in the United States, including branches, subsidiaries, and affiliates of foreign entities located in the United States. The residency of an entity is determined by where a corporation or subsidiary is incorporated and where a branch is licensed, not by the physical office of the counterparty. Furthermore, U.S. Military Facilities, which are offices of United States banks located in foreign countries that provide financial services to persons in the United States Armed Forces stationed abroad, should be classified as U.S. banking offices for purposes of the TIC reports. The term is used as a qualifier in the instructions, such as U.S.-RESIDENT CUSTODIAN and U.S.-RESIDENT ISSUER.

EXCEPTION: Official international or regional organizations or subordinate or affiliated agencies thereof, created by treaty or convention between sovereign states, even if located in the United States, including the International Bank for Reconstruction and Development (IBRD or World Bank), the International Monetary Fund (IMF), and the United Nations (UN), are not considered U.S. residents. (For a list of international and regional organizations, please see the corresponding appendix in instructions for each report form.)

U.S. SECURITIES – Securities issued by U.S.- resident entities, with the exception of depositary receipts that are backed by foreign securities and securities issued by international organizations.

U.S. TREASURY SECURITIES – Debt instruments that are direct obligations of the United States Treasury, including Treasury bills (short-term with an original maturity of one year or less), Treasury notes (intermediate-term with an original maturity of 1-10 years), Treasury bonds (long-term with an original maturity of 10 years or more), Treasury Inflation-index securities, STRIPS and securities from which one or more coupons have been detached.

U.S.-RESIDENT CUSTODIAN – A custodian that is resident in the United States, including a U.S.-resident affiliate of a foreign custodian.

U.S.-RESIDENT END-INVESTOR – An entity that is resident in the United States, including a U.S. affiliate of a foreign end-investor, that either invests for its own account (for trading, investment and other purposes) or on behalf of others, including managed accounts and asset pools. U.S.-resident end-investors include managers of a mutual fund, managers of assets held for insurance company policyholders, and managers of pension and endowment funds.

U.S.-RESIDENT ISSUER – Any individual, corporation, or other entity located in the United States that issues securities in its own name, including U.S.-resident affiliates of foreign entities.

UNDERWRITER – An entity that takes possession of a security and resells it. The lead underwriter(s) are the underwriter(s) responsible for managing the offering.

UNIT INVESTMENT TRUST – A fixed portfolio of securities that are assembled by an underwriter/ sponsor and upon completion of the underwriting, are deposited with an independent trustee. Unit investment trusts have a definite termination date, usually between 6 months and 10 years.

UNITED STATES – The fifty (50) States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the following: American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Islands, Navassa Island, Palmyra Atoll, U.S. Virgin Islands, and Wake Island.

UNPAID INSURANCE CLAIMS – Liabilities of U.S.-resident insurance underwriters to foreign-resident policyholders, for losses that have incurred but no yet reported (IBNR) and for reported unpaid claims. In addition, U.S. – resident insurance underwriters should recognize as claims, the portion of liabilities that will be recovered from foreign-resident reinsurers (See reinsurance recoverables).

WARRANT – An instrument (usually issued together with a bond or preferred stock) that entitles the holder to buy at a specified price a proportionate amount of common stock within a specified period of time.

ZERO-COUPON BOND – Bonds that do not provide interest payments. Zero coupon bonds usually have an issue price well below 100% of the face value with repayment on maturity at face value or par. The investors' return is the difference between the issue price and redemption value.

INSTRUCTIONS FOR THE QUARTERLY TREASURY INTERNATIONAL CAPITAL (TIC)

FORM D REPORT

Report of Holdings of, and Transactions in, Derivatives Contracts with Foreign Residents

Part I: By Major Risk Category and Instrument Type
Part II: By Counterpart Country

MANDATORY REPORT
RESPONSE REQUIRED BY LAW
(22 U.S.C. 3101 et seq.)

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DEPARTMENT OF THE TREASURY
FEDERAL RESERVE BANK OF NEW YORK
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
MARCH 2012

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Note: The vertical bars on the right side of a paragraph indicate that clarifications were made as of March 2012.

I. General Instructions

A. Organization of the Instruction Book

This instruction book covers the Treasury International Capital (TIC) Form "D" report. It is divided into the following sections:

1. Section I (General Instructions) – The general instructions describe the purpose of the TIC D Form and a variety of administrative matters, including the authority under which the data are collected and confidentiality conditions. The general instructions also describe general reporting matters such as the exemption level, who should report, and accounting issues. Finally, information on how to submit the report is provided.

2. Section II (What to Report) – In this section the types of reportable derivatives are described as well as the specific financial instruments and contracts that are excluded from the report. In addition, this section provides the definition of a foreign resident.

3. Sections III-V (Specific Instructions) – In these sections, the specific reporting requirements for the TIC D Form are given. The specific instructions describe the kinds of information that should be reported in each of the columns, rows, and memorandum rows of the form. To avoid excessive repetition, the instructions and definitions build upon the information in the general instructions, the glossary, and the appendices.

4. Section VI (Glossary) – The glossary presents definitions, discussions of accounting issues, and other topics that require more extensive treatment than is practical to include in the body of the instructions.

5. Section VII (Appendices) – The following appendices are provided:

   A. Geographical Classification list – A list of the country and organizational codes for reporting on the form

   B. Foreign Official Institutions list – A list of certain foreign institutions classified as "official" for reporting on the form

   C. Examples for reporting derivatives

   D. Flowcharts of what to report

The forms and instructions are available on the U.S. Treasury's web site: http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms.aspx

B. Introduction

Purpose of the TIC D Form:

The purpose of the Treasury International Capital (TIC) D form is to gather timely and reliable information on the levels of, and changes in, U.S. international portfolio capital positions due to cross-border holdings of derivatives contracts and the net settlement payments that arise from these contracts. This information is needed for the preparation of the U. S. Balance of Payments Accounts, the U. S. International Investment Position, and the formulation of U. S. international financial and monetary policies. Aggregate data will be made available in the Treasury Bulletin and on the Bulletin's web site http://fms.treas.gov/bulletin .

Authority

This report is required by law (22 U.S.C. 286f; 22 U.S.C. 3103; E.O. 10033; 31 C.F.R. 128.1(a)).

This form has been reviewed and approved by OMB under the following OMB control number: 1505-0199

Penalties

Failure to report can result in a civil penalty of not less than $2,500 and not more than $25,000. Willful failure to report can result in criminal prosecution and upon conviction a fine of not more than $10,000 and, if an individual, imprisonment of not more than one year, or both. Any officer, director, employee or agent who knowingly participates in such violation may, upon conviction, be punished by a like fine, imprisonment, or both (22 U.S.C. 3105 (a) and (b); 31 C.F.R. 128.4 (a) and (b)).

Confidentiality

Data reported on this form will be held in confidence by the Department of the Treasury, the Board of Governors of the Federal Reserve System, and the Federal Reserve Bank of New York acting as fiscal agent for the Department. The data reported by individual TIC D reporters will not be published or otherwise publicly disclosed; information may be given to other Federal agencies, insofar as authorized by applicable law (44 U.S.C. 3501 et seq.; 22 U.S.C. 3101 et seq.). Aggregate data derived from reports on this form may be published or otherwise disclosed only in a manner that does not specifically identify any individual TIC D reporter.

Reporting Burden

The Treasury Department has estimated the average burden associated with the collection of information for TIC D Form is 30 hours per TIC D reporter per filing. This estimate includes the time required to read the instructions, gather the necessary facts and fill out the forms. Comments concerning the accuracy of these burden estimates and suggestions for reducing reporting burden should be directed to the Office of International Affairs, U.S. Treasury Department, Washington, D.C. 20220, Attention: International Portfolio Investment Data Systems; or the Office of Management and

Budget, Paperwork Reduction Project, Washington, D.C. 20503. (Please reference the appropriate OMB control number listed above under Authority.)

Relationship to Other Statistical Reports

The TIC D Report is the only major statistical report that collects cross-border data on derivatives on the basis of residence. Several reports below cover derivatives but not on a residence basis: FR 2436, FR Y-9C, FFIEC 009, FR 3036, and TFC.

TIC Reports

1) The TIC B forms are filed by all U.S.-resident banks and other depository institutions, securities brokers and dealers, and Bank Holding Companies/Financial Holding Companies (BHCs/FHCs). (However, the positions of insurance underwriting subsidiaries of BHCs/FHCs are excluded from the TIC B forms and included in the TIC C forms.) On the TIC B forms these entities report their short-term securities and non-securities positions with foreign residents, including foreign affiliates. Also reported on the TIC B forms are certain positions of the customers of TIC B reporters; TIC C reporters who are customers of these institutions should not report these positions to avoid double counting.
2) The TIC C forms are filed by all U.S. entities other than depository institutions, Bank Holding Companies/Financial Holding Companies (BHCs/FHCs), and securities brokers and dealers. (As an exception, the positions of insurance underwriting subsidiaries of BHCs/FHCs are excluded from the TIC B reports and reported by the BHCs/FHCs for the underwriting subsidiaries on the TIC C reports.) On the TIC C forms, these entities report positions with unaffiliated foreign resident entities that are either short-term securities or non-securities. Also reported are positions of insurance underwriting subsidiaries of BHCs/FHCs and other financial intermediaries with foreign affiliates.
3) The TIC SLT form is filed by U.S. - resident custodians, issuers and end-investors. On the TIC SLT form, these entities report aggregate consolidated holdings of long-term U.S. securities for the accounts of foreign residents, foreign securities for the accounts of U.S. residents (their own or their customers) and all securities issuances by the U.S. –resident units of their entity to foreign residents that are not held by a U.S. resident custodian.
4) The TIC S form is filed by all U.S.-resident entities that purchase (or sell) long-term securities directly from (or to) foreign residents. This form is designed to obtain data on foreigners' purchases and sales of all long-term securities (including equities and shares of mutual funds).
5) To improve the accuracy of the TIC system and collect information on positions in securities, detailed security-by-security data are collected on a less frequent basis. Two data collection systems are used:
    a) Foreign Holdings of U.S. Securities Including Selected Money Market Instruments (Form SHL) - Approximately every five years, all significant U.S.-resident custodians of short-term debt, long-term debt, and equity securities are required to provide detailed security-by-security information on foreign holdings of U.S. securities. Also required to report are significant U.S. issuers of bearer bonds and U.S. issuers of securities that are held by foreigners but not through U.S. custodians. In the years between these benchmark surveys, primarily the

largest of these reporters are required to submit this security-by-security information annually (Form SHLA).

b) U.S. Ownership of Foreign Securities, Including Selected Money Market Instruments (Form SHC) – Approximately every five years, all significant U.S.-resident custodians of foreign securities and U.S.-resident investors holding securities without using U.S.-resident custodians are required to report detailed security-by-security information on their holdings of foreign securities. In the years between these benchmark surveys, primarily the largest of these reporters are required to submit this security-by-security information annually (Form SHCA).

OTHER Reports

6) The Treasury Foreign Currency report (TFC) collects consolidated data on foreign exchange contracts (including spot, forward, and futures contracts) and positions by major U.S. resident participants in foreign exchange markets.

7) Direct Investment – Data on cross-border Direct Investment are collected by the Bureau of Economic Analysis, U.S. Department of Commerce. The data collections are designed to obtain comprehensive data on transactions and positions between affiliated U.S. and foreign companies ("multinational companies") and on the overall operations of multinational companies. To be affiliated, a U.S. company must own or control 10 percent or more of the voting securities of an incorporated foreign business (or an equivalent interest in an unincorporated foreign business), or a foreign company must own or control 10 percent or more of the voting securities of an incorporated U.S. business (or an equivalent interest in an unincorporated U.S. business).

8) The FR 2436 report is filed by major U.S.-resident dealers in the global over-the-counter financial derivatives market. On the FR 2436, entities report on a consolidated basis all positions in over-the-counter (OTC) financial derivatives markets by major risk category, type of instrument, and currency.

9) The FR Y-9C report is filed by all U.S. bank holding companies. These entities file a consolidated statement of condition and income, including the notional and fair value of derivatives with U.S. and non-U.S. residents.

10) The Country Exposure report (FFIEC 009) collects data on a consolidated basis on the distribution of the foreign claims, by country, held by U.S. banks and bank holding companies, including the outstanding claims on foreigners, by country, that represent the fair value of derivatives contracts.

11) The FR 3036 report collects data on the volume of transactions (turnover) with U.S. and foreign customers in the foreign exchange cash market, the foreign exchange derivatives market, and the interest rate derivatives markets by financial institutions that serve as intermediaries in the wholesale foreign exchange and derivatives markets. In addition, the report collects consolidated data on outstanding contracts in the derivatives markets for foreign exchange, interest rates, equities, and commodities by major U.S.-resident participants in the derivatives markets.

C. Who Must Report

Reportable Entities

All entities resident in the United States that have derivatives contracts that exceed the exemption level described below should complete all parts of the TIC D Form.

Consolidation

Reporters should consolidate only their U.S. resident subsidiaries on the same basis as annual reports submitted to the SEC or on the same basis as described in generally accepted accounting principles (GAAP). For tiered entities, only the top-tier company should file the TIC D Form. However, foreign banking organizations that establish more than one legal entity in the U.S. (e.g., a holding company and a branch) should report for each top tier U.S. entity.

Exemption Level

The TIC D form must be submitted if:

1) the total notional value of worldwide holdings of derivatives (including contracts with U.S. and foreign residents, measured on a consolidated-worldwide accounting basis) for the reporter's own account exceeds $400 billion

or

2) the amount reported by a TIC D reporter for Grand Total Net Settlements (Part 1, Column 3, Row 7) exceeds $400 million (either a positive or negative value).

Once either exemption level has been exceeded, the reporter should submit the TIC D form for that calendar quarter, for the remaining quarters in the same calendar year, and for each quarter of the following calendar year. In determining if U.S. branches and agencies of foreign banks exceed the exemption level for notional values of derivatives contracts (with U.S. and non-U.S. related and non-related parties), only contracts held on the books of U.S. offices should be included.

D. Accounting Issues

The holdings of derivatives as defined by FASB Statement Number 133, as amended, should be reported at fair value. Do not report notional amounts. The definition of fair value for this report is the same as U.S. GAAP. This is currently defined under FASB Statement No. 157, "Fair Value Measurements" (FAS 157). FAS 157 defines fair value and establishes a framework for measuring fair value. FAS 157 defines the fair value for an asset or liability as the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants (not a forced liquidation or distressed sale) in the asset's or liability's principal (or most advantageous market at the measurement date). For further information, refer to FAS 157.

Do not combine, aggregate, or net the reported fair value of a contract with the fair value of other derivatives.

Positions reported should be the balances outstanding at the "close of business" as of the last day of the calendar quarter covered by the report. The time designated as the close of business should be reasonable and applied consistently.

Amounts should be reported in millions of U.S. dollars. Do not enter decimals. Different guidelines apply to the conversion of foreign-currency denominated gross fair values in columns 1 and 2 and foreign-currency denominated net settlements in column 3. For foreign-currency denominated gross fair values in columns 1 and 2, report the U.S. dollar equivalent of the foreign currency amounts converted using the closing dollar spot exchange rates on the as-of date of the report. For net settlements in column 3, convert payments to U.S. dollars using the closing dollar spot exchange rates on the day of each payment. If it is not possible to use the closing rates on the days of the payments, please contact an International Reports Department analyst at the Federal Reserve Bank of New York to discuss which rates you would use.

E. Submission of Reports

Where to Report

TIC D reports should be filed with the Federal Reserve Bank of New York. Paper reports should be mailed or faxed to: International Reports Division, Federal Reserve Bank of New York, 33 Liberty Street, Fourth Floor, New York, New York 10045. Fax: (212) 720-1964.

Data may be submitted electronically by Reporting Central. Reporting Central is fast, easy to use, and secure. Reports can be submitted quickly and easily either using online data entry or spreadsheet file transfer. (Spreadsheet file transfer allows reporters to use machine-generated data.) Reporting Central provides a confirmation of data receipt at the Federal Reserve Bank of New York and checks the validity of your submission. Reporting Central saves time and delivery costs, avoids possible mail delays, and eliminates paper and fax transmissions. For more information on Reporting Central, log on to http://www.reportingandreserves.org/iesub.html or call the Federal Reserve Bank of New York.

Data may also be reported on computer printouts in the same format as the printed reports. The Federal Reserve Bank of New York must approve proposed computer printouts in advance of the first submission.

Due Dates

Form D reports should be submitted not later than 50 calendar days following the as-of date, which is the last day of the calendar quarter being reported.

Signature Requirements

The cover page of the TIC D Form - (which can be printed from the TIC web site at http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/forms-d.aspx) must be

signed by a duly authorized officer of the reporting institution. For electronic filers, the reporter should retain the signature page.

Reporter ID Number

The Federal Reserve System has assigned each reporting entity an "RSSD ID" number. To ensure proper processing, this ID must be entered in the space provided on the form. If you do not know your RSSD ID number, please call an International Reports Department analyst at the Federal Reserve Bank of New York

Record Keeping Requirement

Reports must be retained for 3 years from the date of submission.

Review of Data and Requests for Revised Data

Federal Reserve System staff review data submitted on the TIC D Form. During the course of their review and editing procedures, Reserve Bank staff may ask reporters to explain unusual changes or submit revisions, as necessary. Since these data are extremely time-sensitive, reporters should respond as quickly as possible to these requests

II. What to Report

A. General Description of What is to be Reported

The purpose of this data collection effort is to measure the fair value of cross-border holdings of derivatives contracts and the net settlement payments that arise from these contracts. Cross-border positions are:

1. Positions of the U.S.-resident parts of your organization with foreign residents and on foreign exchanges, plus when you serve as a broker, your U.S. customers' positions on foreign exchanges.

2. Positions of U.S. exchanges when you serve as a broker on behalf of foreign residents (including foreign resident parts of your organization). <u>All positions and net settlements should be reported from the perspective of the U.S. exchange</u>. Thus, positions of your foreign customers on U.S. exchanges should be reported from the perspective of the U.S. exchange and not your foreign customer.

Contracts are outstanding (i.e., open) until they have been terminated by acquisition or delivery of the underlying financial instruments or, for futures contracts, by offset, or, for standby contracts and other option arrangements, by expiring unexercised. ("Offset" is the purchase and sale of an equal number of futures contracts on the same underlying instrument for the same delivery month executed through the same broker or dealer and executed on the same exchange.)

B. Reportable Derivatives

Derivatives contracts are reportable only if the contracts meet the FASB Statement No. 133 (FAS 133) definition of a derivative contract. FAS 133 defines a derivative as a financial instrument or other contract having all three of the following characteristics:

1. It has one or more underlying (i.e., specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, or other variable) and one or more notional amounts (i.e., number of currency units, shares, bushels, pounds, or other units specified in the contract) or payment provisions or both. These terms determine the amount of the settlement and in some cases, whether or not a settlement is required;

2. It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have similar response to changes in market factors; and

3. Its terms require or permit net settlement (see glossary), it can be readily settled net by a means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement. Reportable derivatives include, but are not limited to:

    1. Forward rate agreements
    2. Forward foreign exchange agreements
    3. Forward commodity contracts
    4. Interest rate futures

5. Equity index futures
6. Currency futures
7. Commodity futures
8. Securities futures
9. Written and purchased options
10. Interest rate swaps
11. Credit derivatives
12. Options and Warrants on securities that meet FAS 133 definition

C. Specific Exclusions

1. Spot foreign exchange contracts

2. Short sales of assets

3. "Regular-way" securities trades, which are trades that are completed within the time period generally established by regulations and conventions in the market place or by the exchange on which the trade is executed

4. Normal purchases and sales of an item other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold by the reporting entity over a reasonable period in the normal course of business.

5. Traditional life insurance and property and casualty contracts

6. Financial guarantees that do not meet the definition of a derivative as defined in FAS 133.

7. Do not report the value of commodities, securities, or other non-cash assets received or delivered to settle derivatives contracts of any type. Long-term securities received or delivered to settle derivatives contracts should be reported as purchases or sales by foreigners, as appropriate, on the monthly TIC Form S.

D. Reporting the Location of Foreign Counterparties

Countries and Other Areas

Positions with foreigners should be reported for the country or geographical area in which the direct counterparty resides. Do not report positions based on the currency of denomination of the instrument, the country of the parent institution of the counterparty (i.e., nationality), the country of issuance of the instrument, or the country of a guarantor (i.e., ultimate risk). Please note – branches of U.S. residents located outside the U.S. are foreign residents. U.S.-resident branches of foreign banks are U.S. residents.

Determining Residency

1. Determining the residence of counterparties

Counterparty residence is determined by the country of legal residence (e.g., the country of incorporation, or, for a branch, of license). For example:

a. International and Regional Organizations (see Appendix I) are residents of the International and Regional Organizations areas, not the countries in which they are located.

<u>Exception</u>

Positions and transactions with the Bank for International Settlements (BIS), the European Central Bank (ECB), the Eastern Caribbean Central Bank (ECCB), the Bank of Central African States (BEAC), and the Central Bank of West African States (BCEAO), should each be reported opposite their name in the list of Foreign Economies and Organizations.

b. Partnerships, trusts, and funds are residents of the country in which they are legally organized. (For example, pension funds of International and Regional Organizations are residents of the country of residence of the pension fund.)

c. Banks, BHCs, FBOs, securities brokers and dealers, corporations and subsidiaries of corporations are residents of the country in which they are incorporated (not the country of the head office or primary operations).

d. Bank branches are residents of the country in which they are licensed (not the country of the head office).

e. Offices of foreign official institutions and embassies are residents of their parent country.

f. Individuals are residents of the country in which they are domiciled.

g. Entities or individuals that file an IRS Form W-8, indicating that they are foreign residents, are treated as such. Please note that there may be exceptions (such as Puerto Rico). However, if an IRS form is not available, the mailing address can be used to determine residency.

III. Column Instructions (Part I and Part II)

A. Column 1 - Gross Positive Fair Value of Derivatives with Foreign Residents at End of Reporting Quarter

Report the aggregate fair value of all outstanding derivatives contracts between U.S. residents and foreign-resident counterparties with a positive fair value. See Section I.E. Accounting Issues for information on fair values.

B. Column 2 - Gross Negative Fair Value of Derivatives with Foreign Residents at end of Reporting Quarter

Report the gross negative fair value of all outstanding derivatives contracts between U.S. residents and foreign-resident counterparties with a negative fair value. Amounts should be reported as an absolute number; no negative entries should be made. See Section I.E. Accounting Issues for information on fair values.

C. Column 3 - U.S. Net Settlements during the Quarter with Foreign Residents

Report all cash receipts and payments made during the quarter for the acquisition, sale, or final closeout of derivatives, including all settlement payments under the terms of derivatives contracts. Net Settlements refer to the netting of individual contract flows and not to the netting of like contracts (e.g., FIN 39 netting).

In calculating Net Settlements, U.S. receipts of cash from foreign persons should be treated as a positive amount (+), and U.S. payments of cash to foreign persons should be treated as a negative amount (-). A net settlement cash receipt or payment occurs only when cash is received/paid for the purchase or sale of a derivative or a settlement payment (such as the periodic settlement under a swap agreement or the daily settlement of an exchange-traded contract) is received or paid.

Listed below are instructions for the reporting of net settlements by contract type.

Forwards:

Report cash received or paid upon maturity or settlement of forward agreements (including foreign exchange contracts). Do not report the amount received or paid upon settlement of a forward with a security or other non-cash asset.

Futures:

Report the cumulative periodic (usually daily) payments or receipts from an exchange as a result of the change in value of the futures contracts. Also include the final cash settlement of futures contracts.

Options:

Report premiums paid or received on options. For exercised options where settlement is only in cash, report the net payment of cash upon exercise. (See **Items to exclude from the calculation of Net Settlements** below, for a discussion of options where, upon exercise, ownership of a security, commodity, or other non-cash assets is transferred.)

Swaps:

Report the net amount of cash received or paid upon maturity or termination of a swap and any periodic net cash settlement payments under the terms of a swap.

Credit Derivatives:

Report all payments, including any periodic payment(s) made or received by the reporting entity after a credit event (such as a lower credit rating, a default, or change in another measure of creditworthiness).

D. Items to Exclude from the Calculation of Net Settlements:

Changes in value with no payments: Do not report changes in the value of derivatives due to changes in interest rates or market prices. The change in value should be excluded from the calculation of Net Settlements, because no cash was received or paid.

Commissions and Fees: Explicit commissions and fees should be excluded from the report, unless the amount is immaterial. (Commissions and fees are regarded as transactions in financial services rather than as transactions in derivatives.)

Collateral: Receipts and payments of margin or collateral (whether or not in the form of cash) should be excluded from Net Settlements and not reported on this form. If you cannot exclude these from your report, please contact the Federal Reserve Bank of New York.

Physical Delivery of the Underlying: Do not report the value of commodities, securities, or other non-cash assets received or delivered to settle derivatives contracts of any type. Long-term securities received or delivered to settle derivatives contracts should be reported as purchases or sales by foreigners, as appropriate, on the monthly TIC Form S.

Forwards:

Do not report the amount received or paid upon settlement of a forward involving securities or other non-cash assets.

Futures:

Do not report the value of futures that proceed to final delivery of the underlying asset, except in the case where the final delivery involves only the receipt, payment, or exchange of cash (i.e., no commodity or security exchanged).

Options:

Do not report the exercise of an option where securities, commodities, and assets other than cash are purchased or sold. The purchase or sale of a security or commodity whether or not under the terms of an option contract is treated as the purchase or sale of that security or commodity, and not as a transaction in a derivative. (The purchase/sale by foreign residents of a long-term security under the terms of an option should be reported on monthly TIC Form S.)

Swaps:

Do not report transactions in swaps **if** the ownership of a security, commodity, or other noncash item changes hands. However, include any premiums actually paid or received on swaps contracts (e.g., Credit Default Swaps).

IV. Specific Instructions for Part I

A. Row Definitions for Rows 1-7

Reportable derivatives (see Section II. "What to Report" for further information) with foreign resident counterparties should be reported by instrument and predominant risk type as determined by the reporting institution (using the guidelines below):

Over-the-counter Contracts

Report all derivatives contracts in rows 1, 2 and 3 that are not traded on organized exchanges.

Single-currency Interest Rate Contracts (Row 1)

Report Net Settlements in Column 3 for all derivatives contracts with foreign-resident counterparties whose predominant risk is from cash flows that are determined by referencing interest rates, but do not involve the exchange of currencies, (e.g., cross-currency swaps and currency options) commodity, credit, or equity risk. Single-currency interest rate contracts include single currency interest rate swaps, basis swaps, and forward rate agreements.

Contracts whose predominant risk characteristic is foreign currency risk are to be reported in Row 2 as foreign exchange contracts. Contracts whose predominant risk characteristic is commodity, equity, or credit risk are to be reported in Row 3 as other contracts.

a) **Forwards (Row 1.a)**
Report contracts with foreign-resident counterparties that represent agreements for delayed delivery of financial instruments in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument at a specified price or yield.

b) **Swaps (Row 1.b)**
Report contracts with foreign-resident counterparties in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. Forward starting swap contracts should be reported as swaps.

c) **Options (Row 1.c)**
Report contracts with foreign-resident counterparties that convey either a right or an obligation, to buy or sell a financial instrument at a specified price by a specified future date.

Foreign Exchange Contracts (Row 2)

Report Net Settlements in Column 3 for all derivatives contracts with foreign-resident counterparties whose predominant risk is from the purchase and sale of two or more currencies in the forward market by type of instrument. Foreign exchange contracts include cross-currency interest rate swaps where there is an exchange of principal and forward foreign exchange contracts (usually settling three or more business days from trade date). Exclude spot contracts. However, the amount reported in the Net Settlements column should be the aggregate amount of the actual cash settlements under the terms of the contracts. In the case where reporters reclassify a foreign exchange

forward or another derivative contract as a spot contract, the report should include net settlement that occurs for internal purposes, plus net settlement of the spot contract.

Exclude contracts whose predominant risk is interest rate risk, which are to be reported in Row 1, as single currency interest rate contracts, or whose predominant risk is commodity, equity, or credit risk, which are to be reported in Row 3 as other contracts.

a) **Forwards and Foreign Exchange Swaps (Row 2.a)**
Report contracts with foreign-resident counterparties that represent agreements for the delayed delivery of currency, which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date. Include spot/forward and forward/forward foreign exchange swaps.

b) **Currency Swaps (Row 2.b)**
Report cross currency interest rate contracts with foreign-resident counterparties in which two parties agree to exchange currencies based on a specified notional amount for a specified period. Forward starting swap contracts should be reported as swaps.

c) **Options (Row 2.c)**
Report contracts with foreign-resident counterparties that convey either a right or an obligation, to buy or sell a currency at a specified price by a specified future date.

Other Contracts (Row 3)

Report Net Settlements in Column 3 for all derivatives contracts with foreign-resident counterparties other than single currency interest rate contracts (reported in Row 1), foreign exchange contracts (reported in Row 2), and exchange-traded contracts (reported in Rows 4-6).

a) **Equity Contracts (Row 3.a)**
Report contracts with foreign-resident counterparties that have a return, or portion of their return, linked to the price of a particular equity or to an index of equity prices, such as the Standard and Poor's 500.

b) **Credit Derivative Contracts (Row 3.b)**
Report all credit derivative contracts with foreign-resident counterparties. Credit derivatives are arrangements that allow one party (the "beneficiary") to transfer the credit risk of a "reference asset" or "reference entity" to another party (the "guarantor"). Credit derivatives include credit default swaps, total return swaps and credit options.

c) **Other Contracts**
Report all commodity and other contracts with foreign-resident counterparties. Commodity contracts are contracts that have a return, or portion of their return, linked to the price of, or to an index of, precious metals, petroleum, lumber, agricultural products, etc. Commodity and other contracts also include any other contracts that are not reportable as interest rate, foreign exchange, equity, or credit derivative contracts.

Own Derivatives Contracts on Foreign Exchanges (Row 4)

Report the fair values and net settlements of all derivatives contracts, including options, that the reporting entity conducted with exchanges located outside the U.S. for its own

account. Include all exchanges (e.g., security and electronic exchanges) where derivatives are traded.

U.S. Customers' Derivatives Contracts on Foreign Exchanges (Row 5)

Report the fair values and net settlements of all derivatives contracts, including options, of the reporter's U.S. resident customers (that is, contracts where the reporter is acting as broker for a U.S. resident) on exchanges located outside the United States. Include all exchanges (e.g., security and electronic exchanges) where derivatives are traded.

Foreign Counterparty Derivatives Contracts on U.S. Exchanges (Row 6)

Report the fair values and net settlements of all derivatives contracts, including options, of the reporting entity's non-U.S.-resident customers (that is, contracts where the reporter is acting as broker for a non-U.S.-resident) on all exchanges (e.g., security and electronic exchanges) located in the U.S.. (Include in this row all contracts traded on U.S. exchanges on behalf of the reporter's foreign affiliates, subsidiaries and branches.)

All foreign counterparty contracts should be reported from the perspective of the U.S. exchange. For example, a payment by the foreign customer to the exchange would be recorded as a receipt (+).

Grand Total (Row 7)

The amounts in Row 7 should be the sums of the amounts in rows 1 - 6

B. Memorandum Row Definitions

Contracts with Own Foreign Offices (Row M.1)

Report the fair value of all derivatives contracts included in the Grand Total (Row 7) that are with the reporter's own foreign offices (e.g., branches and subsidiaries), including any foreign parent and any non-U.S. branch. Depository institutions and bank holding companies owned by foreign banks should exclude contracts with affiliated banks and non-banking offices of the reporter's parent, even though these contracts are reported in rows 1-3. No net settlement data should be reported in this row.

Contracts with Foreign Official Institutions (Row M.2)

Report the fair value of all derivatives contracts and net settlements included in the Grand Total (Row 7) that are with Foreign Official Institutions. Foreign Official Institutions are:

a. Treasuries, including ministries of finance, or corresponding departments of <u>national</u> governments; central banks, including all departments thereof; stabilization funds, including official exchange control offices or other government exchange authorities; and diplomatic and consular establishments and other departments and agencies of national governments.

b. International and regional organizations.

c. Banks, corporations, or other agencies (including development banks and other institutions that are majority-owned by central governments) that are fiscal agents of national governments <u>and perform activities similar to those of a treasury, central bank, stabilization fund, or exchange control authority</u>.

Note: The list of foreign institutions shown in Appendix B (Foreign Official Institutions List) includes the major Foreign Official Institutions which have come to the attention of the Federal Reserve Bank of New York (FRBNY) and the Department of the Treasury; it does not purport to be exhaustive. Whenever a question arises as to whether or not an institution should be classified as "official," please contact the FRBNY.

V. Specific Instructions for Part II

The gross fair values and net settlement payments on derivatives in the Grand Total Row (Row 7) of Part I should be allocated to each row of Part II, based on the residence of the direct counterparty. (For column instructions please refer to Section III of these instructions).

Positions of foreign-resident customers on U.S. exchanges should be reported opposite the country or geographical area in which the foreign counterparty resides. Do not report positions based on the currency of denomination of the contract, the country of the parent institution of the counterparty, or the country of a guarantor (i.e., ultimate risk). In the case of U.S. residents' futures contracts on foreign exchanges, report the country of the exchange as the country of the foreign counterparty.

Examples

1. A respondent has a derivative contract denominated in yen with a British company in Italy. The transaction should be reported opposite the location in which the direct counterparty resides (Italy), not the nationality of the counterparty (United Kingdom).

2. A respondent has a derivative contract with a Cayman Island branch of a U.S. bank. The transaction should be reported opposite the location in which the direct counterparty resides (Cayman Islands), not the location of that bank's head office (United States).

3. A respondent executes a futures contract for a U.S. customer on a futures exchange located in the U.K. The fair (market) value and net settlement of the contract should be reported opposite the location of the exchange (U.K.).

Exceptions

1. Positions with branches or agencies of Foreign Official Institutions should be reported opposite the country that owns the Foreign Official Institution. (A list of Foreign Official Institutions is located in Appendix B.)

2. Positions with international and multi-national regional organizations, whether located in the United States or elsewhere, should be reported opposite the classification "International', if worldwide, or opposite the classifications "European," "Latin American," "Asian," "African," or "Middle Eastern" regional organizations, as appropriate. (A list of international and regional organizations is located at the end of Appendix A.)

Examples of some of the international and multi-national regional organizations, which are located in the United States, are:

Organization	Reporting Classification
The World Bank (consists of IBRD and IDA below)	International
International Bank for Reconstruction and Development (IBRD)	International
International Development Association (IDA)	International
International Finance Corporation (IFC)	International
International Monetary Fund (IMF)	International
Inter-American Development Bank (IAD)	Latin America
Organization of Central American States (OCAS)	Latin America
United Nations	International
World Health Organization	International

VI. Glossary

Commodity-linked derivatives - Commodity contracts are contracts that have a return, or portion of their return, linked to the price of, or to an index of, precious metals, petroleum, lumber, agricultural products, etc..

Credit derivatives – Contracts in which the payout is linked primarily to some measure of the creditworthiness of one or more credits. Credit derivatives are arrangements that allow one party (the "beneficiary") to transfer the credit risk of a "reference asset" or "reference entity" to another party (the "guarantor"). Credit derivatives include credit default swaps, total return swaps and credit options.

Derivative contract – See Section II.B. Reportable Derivatives (page 8).

Equity-linked derivatives – Equity contracts are contracts that have a return, or portion of their return, linked to the price of a particular equity or to an index of equity prices, such as the Standard and Poor's 500.

Foreign Official Institutions (FOI) – FOI are:

a. Treasuries, including ministries of finance, or corresponding departments of national governments; central banks, including all departments thereof; stabilization funds, including official exchange control offices or other government exchange authorities; and diplomatic and consular establishments and other departments and agencies of national governments.

b. Banks, corporations, or other agencies (including development banks and other institutions that are majority-owned by central governments) that are fiscal agents of national governments and perform activities similar to those of a treasury, central bank, stabilization fund, or exchange control authority.

Foreign resident (Foreign, Foreigner) – Any individual, corporation, or other entity legally established outside of the United States, regardless of the actual center of economic activity of the entity. Thus, a corporation incorporated outside of the United States is a foreign resident even if it has no physical presence outside the United States. Foreigners/foreign residents include:

1. Individuals, including citizens of the United States, residing outside the United States. (This includes individuals that have filed an IRS Form W-8, indicating that the individual is a nonresident alien. However, if an IRS Form is not available, the mailing address can be used to determine residency.)

2. Any corporation or other entity legally established outside of the United States, including branches, subsidiaries and other affiliates of U.S. entities located abroad.

3. Foreign governments and any subdivision, agency or instrumentality thereof, including all foreign official nonbanking institutions, even if located in the United States (e.g., an embassy, consulate, or other diplomatic establishment of a foreign country).

4. Official international or regional organizations or subordinate or affiliated agencies thereof, created by treaty or convention between sovereign states, even if located in the United States, including the International Bank for Reconstruction and Development (IBRD or World Bank), the International Monetary Fund (IMF), and the United Nations (UN). (See Appendix D for a list of international and regional organizations.)

Forwards - Contracts that represent agreements for delayed delivery of financial instruments or commodities in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified commodity or instrument at a specified price or yield.

Futures - Contracts that represent agreements for delayed delivery of financial instruments in which the buyer agrees to purchase and the seller agrees to deliver, at a specified future date, a specified instrument at a specified price or yield. Futures contracts are standardized and are traded on organized exchanges.

Options - Contracts that convey either a right or an obligation to buy or sell a financial instrument at a specified price by a specified future date. Options may trade on an organized exchange or in OTC markets.

Bought Options
The buyer of an option contract has, for compensation (such as a fee or premium), acquired the right (or option) to sell to, or purchase from, another party some financial instrument at a stated price on a specified future date.

Written Options
The seller of the contract has, for such compensation, become obligated to purchase or sell the financial instrument at the option of the buyer of the contract. A put option contract obligates the seller of the contract to purchase some financial instrument at the option of the buyer of the contract. A call option contract obligates the seller of the contract to sell some financial instrument at the option of the buyer of the contract.

Net Settlements – Net settlements include all cash receipts and payments for the purchase, sale, or final closeout of derivatives, as well as all payments according to the terms of derivative contracts such as periodic payments under the terms of a swap agreement or daily payments for an exchange-traded contract. Do not report as settlements the value of commodities, securities, or other non-cash assets received or delivered to settle derivatives contracts of any type. Long-term securities received or delivered to settle derivatives contracts should be reported as purchases or sales by foreigners, as appropriate, on the monthly TIC Form S.

Swaps - Contracts in which two parties agree to exchange payment streams based on a specified notional amount for a specified period. Forward starting swap contracts should be reported as swaps.

United States – The fifty (50) states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the following: American Samoa, Baker Island, Guam, Howland Island, Jarvis Island,

Johnston Atoll, Kingman Reef, Midway Islands, Navassa Island, Palmyra Atoll, the U.S. Virgin Islands, and Wake Islands.

U.S. resident – Any individual, corporation, or other entity incorporated or otherwise legally established in the United States, including branches, subsidiaries, and affiliates of foreign entities located in the United States. The residency of an entity is determined by where a corporation or subsidiary is incorporated and where a branch is licensed, not by the physical office of the counterparty. Furthermore, U.S. Military Facilities, which are offices of United States banks located in foreign countries that provide financial services to persons in the United States Armed Forces stationed abroad, should be classified as U.S. banking offices for purposes of the TIC reports.

DEPARTMENT OF THE TREASURY

APPENDIX A

Geographical Classification

TO BE USED FOR PURPOSES OF REPORTING ON TREASURY INTERNATIONAL CAPITAL FORMS

The list can be found on the Treasury's website, right below these instructions, at:
http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/fctry-june2006.pdf

APPENDIX B

List of Foreign Official Institutions

TO BE USED FOR PURPOSES OF REPORTING ON TREASURY INTERNATIONAL CAPITAL FORMS

The list can be found on the Treasury's website, right below these instructions, at:
http://www.treasury.gov/resource-center/data-chart-center/tic/Pages/foihome.aspx

Appendix C
EXAMPLES of Reporting Derivatives

Exchange-Traded Futures and Options

Example 1

A U.S. Futures Commission Merchant holds in U.S. customer accounts a total of 100 commodity futures contracts on foreign futures exchanges that are marked-to-market and cash settled daily. The sum of all daily cash settlements with the exchange during the current reporting period amounted to net U.S. receipts (i.e., a net U.S. gain on these accounts) of $50 million. The $50 million in cash settlements should be reported as positive value in U.S. Net Settlements.

Example 2

During the current reporting period, a U.S. resident purchases equity call options on a foreign exchange for a $5 million premium. The options appreciate in value to $12 million and are then exercised for the underlying equities during the current reporting period.

There should be no entry in any of the fair value columns because the options were closed out before the end of the current period. The cash premium payment should be reported as a negative $5 million in U.S. Net Settlements, because it was a U.S. payment to foreigners. The increase in value of the options to $12 million is not reported in U.S. Net Settlements because there was no settlement payment.

Forwards

Example 3

During the reporting period, a U.S. resident enters into a forward rate agreement (FRA) with a foreign resident. The reference interest rate is the current market rate, and there is no cash receipt or payment during the reporting period. The FRA is still open at the end of the reporting period and has a positive fair value of $10 million.

The fair value of $10 million at the end of the reporting period should be reported in the Gross Positive Fair Value column. No entry should appear in the U.S. Net Settlements column because no cash was paid or received.

Example 4

The value of a foreign exchange (FX) forward contract initiated in a prior reporting period shifts from a positive $5 million to a negative $5 million in the current reporting period and remains open. There is no cash settlement in the current period.

There should be $5 million reported in the Gross Negative Fair Value column at the end of the current reporting period. No entry should appear in the U.S. Net Settlements column, because no transaction has occurred.

Example 5

Two commodity forward contracts (one on copper and one on oil) entered into by the U.S. reporter in an earlier reporting period are settled during the current reporting period.

The copper contract had a U.S. negative market value of $15 million at the end of the preceding reporting period, and had a U.S. negative market value of $20 million when it was cash settled. The fair value of the contract is not reported since it has been settled. The $20 million payment should be reported as a negative value in U.S. Net Settlements, because it represents a cash payment to extinguish the forward contract

The oil contract had a U.S. positive market value of $20 million at the end of the preceding reporting period, and the same value at the time it was settled via physical delivery of oil in lieu of cash. There should be no entry in the fair value columns, because the forward was closed during the current period. There should be no entry in U.S. Net Settlements, because a commodity and not cash was exchanged.

OTC Options

Example 6

During the current period, a U.S. resident purchases an OTC interest rate option from a foreign resident for a premium of $10 million. The fair value of the option increases to $15 million and remains open.

The Gross Positive Fair Value column at the end of current reporting period should be $15 million. The premium payment should be recorded in U.S. Net Settlements as a negative $10 million.

Example 7

A U.S. resident owns OTC FX call options (to purchase British pounds) with a market value of $5 million at the end of the previous period. The value of the options declined to zero and they expired during the current period.

There should be no entry in the fair value columns at the end of the current reporting period, because the options expired before the end of the current period. The FX call options should result in no entry in U.S. Net Settlements, because there was no cash settlement.

The U.S. resident also had previously written OTC FX put options with a foreign resident. The options had negative fair value of $10 million at the end of the previous period. The put options declined in value to a negative fair value of $15 million during the current period and were exercised by the foreign counterparty, who delivered Euros.

There should be no entry in the fair value columns at the end of the current period, because the options were exercised in the current period. The cash payment on exercise of the options during the current period should be reported as a negative $15 million in U.S. Net Settlements, because the amount that the U.S. put option writer paid to the foreign counterparty for the Euros was $15 million more than the current market value of the Euros received.

OTC Swaps

Example 8

A U.S. resident enters into an interest rate swap contract with a foreign resident. During the current period, the U.S. resident pays a net settlement amount of $20 million. At the end of the current period, the swap has a gross positive fair value of $20 million.

The Gross Positive Fair Value column at the end of the current period should be $20 million. U.S. Net Settlements should show a negative $20 million.

Example 9

During the current period, a U.S. resident entered into an FX swap stipulating that in two months he would provide a foreign resident with 10 billion yen in return for $100 million at the forward exchange rate of $1/100 yen. At maturity, the exchange rate was 110 yen per dollar.

There should be no entry in the fair value column at the end of the reporting period, because the swap contract expired. U.S. Net Settlements in the current period should show a positive $9.1 million, representing the difference between the value of the 10 billion yen paid by the U.S. resident at the current exchange rates (equivalent to $90.9 million) and the $100 million received by the U.S. resident upon maturity of the swap.

Credit Derivatives

Example 10

During the prior period, a U.S. resident entered into a 2-year credit default swap contract with a $100 million notional amount with foreign resident, to assume the risk of default on an outstanding loan held by the foreign resident in return for a quarterly fee of 50 basis points ($500,000).

During the first period, the value of the swap decreased to a loss of $6 million and the foreign resident paid the U.S. resident $500,000. For that period there should be an entry of $6 million in negative Fair Value column. In the Net Settlement column there should be an entry of $500,000 to reflect the receipt by the U.S. resident of the quarterly payment.

During the second period, the loan went into default, no quarterly fee was received, and the U.S. resident compensated the foreign resident for the decline in the market value of the loan, or $20 million (assuming an $80 million recovery value). With this settlement payment, the swap contract terminated.

There should be no entry in the fair value columns for the end of the second period, because the swap terminated before the end of the period. The $20 million cash payment should be recorded in U.S. Net Settlements as a negative amount.

Appendix D

OTC CONTRACTS

COUNTERPARTY — REPORTING INSTITUTION

US ← Not Reportable → US

Derivative contracts between two U.S. entities are excluded from the TIC D Form

FOREIGN ← Reportable Row 1-3 → US

Derivative contracts between a foreign resident and the reporter are reported on the TIC D Form in: (1) Part I, Rows 1-3 and 7; (2) Part I, Rows M.1 - M.2 (if appropriate); and (3) Part II

FOREIGN ← Not Reportable → FOREIGN

Derivative contracts between two foreign entities, even if one of the foreign entities is affiliated with a U.S. reporting institution, are excluded from the TIC D Form

EXCHANGE TRADED CONTRACTS

COUNTERPARTY — REPORTING INSTITUTION — EXCHANGE

US Reportable Row 4 → FOREIGN

Future contracts entered into on foreign exchanges for the reporters own account are reported on of the TIC D Form in: (1) Part I, Rows 4 and 7; (2) Part I, Row M.3 (if appropriate); and (3) Part II

FOREIGN → US Not Reportable → FOREIGN

Future contract entered into for foreign customers on foreign exchanges are excluded from the TIC D Form

US → US Reportable Row 5 → FOREIGN

Future contracts entered into for U.S. customers on foreign exchanges are reportable contracts on the TIC D Form in: (1) Part I, Rows 5 and 7; (2) Part I, Rows M.3 (if appropriate); and (3) Part II

FOREIGN Reportable Row 6 → US → US

Future contracts entered into for foreign customers on U.S. exchanges are reportable contracts of the TIC D Form in: (1) Part I, Rows 6 and 7; (2) Part I, Rows M.1 and M.2 (if appropriate); and (3) Part II

US → US Not Reportable → US

Future contracts entered into for U.S. customers on U.S. exchanges are excluded from the TIC D Form